



sportingbet.com(UK)plc

Annual Report & Accounts 2000



sportingbet.com (UK) Plc

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DIRECTORS AND ADVISORS

DIRECTORS

P Dicks	Chairman
M Blandford	Managing Director
N Payne	Finance Director
P Goodmaker	Non executive
P Jay	Non executive
J Blower	Non executive

SECRETARY

Filex Services Limited

REGISTERED OFFICE

179 Great Portland Street
London W1N 6LS

COMPANY NUMBER

3534726

AUDITORS

BDO Stoy Hayward
Chartered Accountants
8 Baker Street
London W1M 1DA

SOLICITORS

Finers
179 Great Portland Street
London W1N 6LS

CORPORATE ADVISERS

Daniel Stewart & Company 17 St Helens Place Bishopsgate London EC3A 6DE	Dresdner Kleinwort Benson 20 Fenchurch Street London EC3P 3DB
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BANKERS

National Westminster Bank Plc
35 High Street
St Peter Port
Guernsey
Channel Islands GY1 4BE

REGISTRARS

IRG Plc
Balfour House
390/398 High Road
Ilford
Essex IG1 1NQ

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DIRECTORS' REPORT

The directors submit their annual report and the financial statements of Sportingbet.com (UK) Plc for the year ended 31 March 2000.

PRINCIPAL ACTIVITIES

The company acts as a holding company and the principal activity of its subsidiary, Sportingbet.com (Alderney) Limited, is that of offering interactive betting over the Internet.

RESULTS AND DIVIDENDS

The loss for the financial year was £5,007,016 (1999:£998,927). The directors are unable to recommend a dividend.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The company is the holding company of Sportingbet.com (Alderney) Limited, a wholly owned trading subsidiary based in Alderney in the Channel Islands.

Sportingbet.com (Alderney) Limited offers an online internet betting facility in respect of a wide variety of major live worldwide sporting events, under a 5 year fixed term licence from the States of Alderney.

A more detailed review of the business for the period ended 31 March 2000 and future developments is given in the Chairman's statement on pages 6 to 8.

EVENTS SINCE THE END OF THE PERIOD

On 9 May 2000, the company acquired the trade and assets of an overseas on line betting company.

DIRECTORS

The following directors have held office during the year; and subsequently

M Blandford	- Executive
P Jay	- Non executive
P Goodmaker	- Non executive
J Blower	- Non executive
P Dicks	- Chairman (appointed 14 January 2000)
N Payne	- Executive (appointed 24 May 2000)

Mr N Payne and Mr P Dicks who were appointed subsequent to the last Annual General Meeting, retire and being eligible, offer themselves for re-appointment at the forthcoming Annual General Meeting.

DIRECTORS' INTERESTS IN SHARES

The directors of the Company during the year and their beneficial interests (unless otherwise stated) in the ordinary share capital of the company and options to purchase such shares arising from incentive schemes were as follows:

	<i>Ordinary shares of .1 pence each</i>			
	<i>At 31.3.00</i>		<i>At 31.3.99 or date of appointment if later</i>	
	<i>Options</i>	<i>Shares</i>	<i>Options</i>	<i>Shares</i>
M Blandford	-	25,550,000	-	25,500,000
P Jay	-	-	-	-
P Goodmaker	25,000	10,000	-	-
J Blower	-	4,000,000	-	5,000,000
P Dicks	250,000	-	250,000	-
N Payne	-	-	-	-

J Blower's shares are held by J W B Marketing (UK) Limited, a company of which he is a director and shareholder.

On 1 May 2000 N Payne received 100,000 share options at an exercise price of 100.5p per share. On 8 May 2000 P Goodmaker received 50,000 share options at an exercise price of 100.5p per share.

SUBSTANTIAL SHAREHOLDINGS

On 25 September 2000 the following interests in 3 per cent or more of the Company's existing issued ordinary share capital had been reported.

	<i>No. of ordinary shares of 0.1 pence each</i>	<i>% of issued ordinary shares of 0.1 pence each</i>
M Blandford	25,500,000	23%
Trophy Aktiengesellschaft	17,500,000	16%
GJW International Limited	15,000,000	13%
GJW Holdings Limited	10,015,380	9%

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DIRECTORS' REPORT

CORPORATE GOVERNANCE

There is commitment to high standards of corporate governance throughout the Group. Whilst the company has an Ofex Listing, the Board confirms that the company has made strives to comply (both during the year and subsequently) with the provisions set out in Section 1 of the Combined Code, which was issued on 25 June 1998. Any procedures not in place will be implemented by 31 March 2001. The group has decided to adopt a transitional approach for reporting on internal controls similar to that set out under the Combined Code shown in the letter from the London Stock Exchange to listed companies at the end of September 1999 and its report is set out below and on page 5. The key procedures that the directors have established to provide include detailed formal budgeting. The company has now introduced clearly defined guidelines for capital expenditure. These include due diligence requirements where businesses are being acquired.

The Board is accountable to the Group's shareholders for good governance and the statement set out below describes how the principles identified in the Combined Code already referred to above are applied by the Group.

The Board

The Board currently consists of two Executive and four Non Executive Directors. All the Non Executive Directors are considered by the Board to be independent of management and free of any relationship which could materially interfere with the exercise of their independent judgement. All Directors are subject to periodic re-election. The Board is responsible to shareholders for the proper management of the Group and is scheduled to meet monthly with additional meetings being called as necessary.

The Board's responsibilities cover key areas of the Groups affairs and matters reserved for the decision of the Board includes the definition of overall Group strategy and approval of the financial statements, acquisitions, disposals, finance policy, budgets and major capital expenditure proposals. All Directors and key staff members may take independent professional advice in the furtherance of their duties at the Group's expense if necessary.

Contrary to the Combined Code new members, when appointed to the Board, do not, in general, receive additional external training. Contrary to the Code no Nomination Committee existed during the year. It is the intention to set up a Nomination Committee before 31 December 2000.

The differing roles of Chairman and Chief Executive are acknowledged by the Board. The Chairman of the Company is Peter Dicks and the Chief Executive is Mark Blandford. The key functions of the Chairman are to conduct board meetings and meetings of shareholders and to ensure that all directors are properly briefed in order to take full and constructive part in board discussions. The Chief Executive is required to develop and lead business strategies and processes to enable the Group's business to meet the requirements of its shareholders.

Any Director appointed during the year is required, under the provisions of the Company's Articles of Association, to retire and seek re-election by shareholders at the next Annual General Meeting. The Articles also require that one third of the Directors retire by rotation each year and seek re-election at the Annual General Meeting. The Directors required to retire are those in office longest since their previous re-election and this usually means that each Director retires at least every three years, although there is no absolute requirement to this effect.

Communication

The Group places a great deal of importance on communication with its shareholders. The full report and accounts are available to all shareholders on request and to other parties who have an interest in the Group's performance.

There is regular dialogue with Institutional shareholders as well as general presentations after the interim and preliminary results. All shareholders have the opportunity to put questions at the Company's Annual General Meeting.

Internal Control

The Directors acknowledge their responsibility for the Groups system of internal financial control, including their responsibility for taking reasonable steps for the safeguarding of the assets of the Group and for preventing and detecting fraud and other irregularities.

The respective responsibilities of the directors and the auditors in connection with the accounts are explained on page 9.

The board expects to have procedures in place by March 2001 in order to implement the guidance *Internal Control: Guidance for Directors on the Combined Code*. These will include the involvement by all board members in setting a strategy for risk management. This will be followed by prioritising the risks faced by the group and ensuring a control strategy for each significant risk. A risk management policy document is to be sent to all employees, setting out the board's approach to controlling those risks that are crucial to the achievement of the group's business objectives. Where appropriate improvements will be made to the monthly management information in the area of risk management and key risk indicators added.

The board will consider risk management and internal control on a regular basis throughout the year and plans to be in a position to report its compliance with the guidance by the year ended 31 March 2001.

The directors are responsible for the company's system of internal financial control which is designed to provide reasonable but not absolute assurance against material misstatement or loss. The key procedures that the directors have established to provide effective internal financial controls are as follows:

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DIRECTORS' REPORT

Financial reporting: A detailed formal budgeting process for all group business culminates in an annual group budget which is approved by the board. Results for the company and for its main constituent businesses are reported monthly against the budget to the board and revised forecasts for the company year are considered each quarter.

Financial and accounting principles: It is the aim to have by 31 October 2000 a comprehensive financial and accounting controls manual setting out the principles of and minimum standards required by the board for effective financial control. The manual will set out the financial and accounting policies and procedures to be applied throughout the company. Compliance with the policies and procedures set out in the manual will be reviewed on a regular basis.

Internal financial controls assurance: In addition to the existing review procedures, during the year to 31 March 2001, senior executives will prepare formal board reports on the operation of those elements of the system for which they are responsible.

Capital investment: The company has clearly defined guidelines for capital expenditure. These include annual budgets, detailed appraisal and review procedures, levels of authority and due diligence requirements where businesses are being acquired.

The Audit Committee on behalf of the board has a brief to review the effectiveness of the system of internal financial control from information provided by management and the group's external auditors.

The Audit Committee keeps the scope and cost effectiveness of both internal review of controls and the external audit under review. The independence and objectivity of the external auditors is also considered on a regular basis, with particular regard to the level of non-audit fees.

Going concern

The Directors confirm that, after making enquiries, they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Audit Committee

The audit committee meets periodically to review the adequacy of the Group's internal control systems, accounting policies and compliance with applicable accounting standards and for considering the appointment of the external auditors and audit fees. BDO Stoy Hayward are invited to attend its meetings. The audit committee is authorised by the Board to investigate any activity within its terms of reference and obtain outside legal or other independent professional advice as necessary. The Auditors and individual Board members are afforded the opportunity for separate meetings with the audit committee. The Audit Committee is made up of Nigel Payne, Phillip Goodmaker and John Blower.

Remuneration Committee

Contrary to the Combined Code no remuneration committee was in place during the financial year ended 31 March 2000. A remuneration committee is currently being set up and will be in place by 30 September 2000. It will meet as required during the current financial year to approve the total remuneration and reward packages of the Executive Directors. The level of remuneration will be sufficient to attract and retain the directors needed to run the company successfully but will avoid paying more than is necessary for this purpose. A proportion of executive directors remuneration will be structured to link rewards to corporate and individual performance. Details of directors remuneration for the year under review are included in the Notes to the Financial Statements.

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

The company's policy, which is also applied by the group, is to ensure that all suppliers are dealt with in accordance with its standard payment practice whereby all outstanding accounts are settled within the greater of the settlement terms offered by the supplier at the time of supply and 30 days of receipt of the relevant invoice.

The number of days purchases included in trade creditors at the year end was 48 days (1999: 76 days).

INTRODUCTION OF THE EURO

All relevant parts of the group will be able to handle euro transactions when required.

AUDITORS

Baker Tilley resigned as auditors and BDO Stoy Hayward were appointed to replace them during the year under review.

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the Annual General Meeting.

By order of the board

N Payne

Director

29 September 2000

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CHAIRMAN'S STATEMENT

The year to the end of March 2000 represents a period in which the company has achieved several significant objectives, instigated a number of new phases in its planned development, and further consolidated its position in the online international sports betting market.

Financial Results

The results for the year ended 31 March 2000 show significant growth in turnover from £0.6 million in 1999 to £27.4 million. Gross profit margin was 3.1% compared to a gross margin loss of 24.9% in 1999. A pre tax loss before exceptional costs was recorded of £3.2million, compared to a pre tax loss of £1 million in 1999.

The pre tax loss after exceptional costs for the year ended 31 March 2000 was £5 million. The exceptional costs in the year comprise two items; a £1.2 million expense for securing an 8 year exclusive Asian marketing agreement and a £590,000 charge in respect of a change to the previously applied accounting basis on software and hardware. This conservative accounting policy is in line with that of more prudent start up companies.

During the year, the company raised a total of £9.3 million of new investment funding (net of costs) in three tranches. These funds, in the form of equity placements have been used to increase global marketing efforts and continue development of the company's software. As at the 31 March 2000 the company had a positive cash balance of £6.2 million.

Strategy

The company's strategy is to develop the potential of the online international sports betting market and become the leading online global sports bookmaker. The company believes that the Internet provides the medium to deliver a truly global business and the company's strategy is to develop this to the full.

Since inception, the company has established strong and innovative positions in a number of key marketplaces. Frequently enjoying "first mover" advantage to new markets such as Interactive Television (where the company was first to launch), the company has now developed its strong and growing customer base across 101 international markets and transacts its business online in 20 different foreign currencies.

The company has also developed significant marketing and partnership programmes. During the year, the company has signed major new marketing agreements serving the Japanese, Asia- wide and Turkish markets. It has also advanced its technological capabilities in tandem with this international expansion through the addition of several new sports and the development of international language versions of the web site.

The flexibility of the company's software derived from in house development and owning the product source code will, together with the benefit from the international agreements and international customer penetration already in place, set the company in a strong position to further its global strategy in the years to come.

Operating and Marketing Activity

The company has expanded its operating and marketing activities considerably during the year.

As at the 31 March 1999 the company had 1,208 customers across 51 countries. During the year to the 31 March 2000 the company has developed its international brand across America, Asia, Turkey, Australasia and Europe, growing its customer base to over 12,500 customers across 101 countries. This growth in customer numbers, together with an increase in activity and spend per customer has been the main driver behind the substantial growth in revenue.

The company intends to increase its gross margin through the scale of revenue expansion and the increase in the number of sports and the breadth of bets offered.

A material increase in the operating activity of the company, consistent with the global strategy has been made since the year end with the acquisition of Betmaker.com, a well known online betting company based in Costa Rica.

Betmaker.com was purchased in May 2000 for \$15 million, of which \$10 million was payable in cash and \$5 million in Sportingbet shares. Serving primarily the Americas and offering a wide range of American sports betting, Betmaker.com is a profitable, £190 million turnover company with over 31,000 customers. Post acquisition Sportingbet has over 45,000 customers.

Betmaker.com will be absorbed under the global Sportingbet brand by 1 January 2001 when the right to use the Betmaker name expires. Extensive marketing activity is in place to effect a smooth transfer. Operationally, a senior Sportingbet manager has been relocated to Costa Rica on a permanent basis. The existing third party

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CHAIRMAN'S STATEMENT

Betmaker software will be replaced during the year with Sportingbet's in house software. Risk management and call center activities will remain in Costa Rica but Sportingbet will seek to transfer online betting traffic to Alderney.

The company's core software based operating platform has been strengthened through expenditure of £1.2 million, making over £3 million in total since foundation. Expenditure during the year has included the development of a scaleable architecture able to flex in line with the company's growth; international language sites to facilitate ease of penetration in relevant markets, and the functionality to take advantage of new markets such as Interactive TV and WAP phones.

The expanded technology platform, and the flexibility derived from in house development have also facilitated the company's ability to expand through joint venture marketing agreements. The company's strategy to be the global sports betting brand requires that its operating platform is accessible and relevant to the local consumer in each market in which it operates or targets. Joint venture partnerships with local partners therefore form a key operating tactic to achieve the strategic aim.

In October 1999 the company became the first British company to commit to the Japanese market with the signing of a joint venture agreement with J-Craft Ltd, a leading Japanese strategic advisory group. The agreement enables the company to penetrate the complex but important Japanese market. The Japanese betting industry is estimated to be worth £100 billion, over 14 times greater than that of the United Kingdom. The company will launch a dedicated Japanese site in the summer of 2000 to capitalise particularly on the strong local interest in English and European football. Japanese specialist sports will also be included.

In February 2000 the company established another first for a British sports book company when it launched in the Turkish market, with the signing of an exclusive joint venture agreement with Superbahis, who have strong links into the Turkish media and entertainment sectors. The Turkish betting industry is estimated to be worth over £3 billion per year with the bulk of interest on European football and horse racing. Subsequent to the year end, the company launched a dedicated Turkish site in May 2000.

In March 2000, the company signed an exclusive deal with a highly successful marketing group in South East Asia, Singinvests Holdings Limited, who will help promote and build the Sportingbet brand to ethnic Hong Kong, Singaporean, Malay and Thai Internet and telephone clientele. In addition, the agreement involves the company's partner increasing promotional activities into other neighbouring markets such as Taiwan, China and Korea (a key market in view of it hosting the 2002 World Cup). The company also plans to launch Chinese and Thai international sites during the forthcoming year.

Also in March 2000, the company signed a three year deal with cable television provider Telewest to provide interactive betting facilities. The company regards this route to market as one of significant future opportunity. The company's flexibility and speed of response to market culminated in it being the first sports bookmaker to take an interactive TV bet, in June 2000. A two year exclusive deal has also been secured with Q-zero, a new company backed by W.H. Smith and the Royal Bank of Scotland. Q-zero supply Internet access T.V. set top boxes and has a target of two million boxes installed within three years.

The initiatives above, most of which were concluded too late in the year to have had any impact on the financial period to the end of March 2000, provide a strong platform for substantial growth on a global scale.

Management

The Company has continued its policy of seeking to attract the high quality management with the appointment of a number of senior executives.

In January 2000 Colin Walker joined the company as Managing Director of Sportingbet (Alderney). He was formerly Managing Director of Ladbrokes telephone betting company during which time the business grew from 7,000 to 80,000 customers. Prior to this, he was the Marketing Director of Ladbroke Racing. Peter Higgins joined the company in the same period as Commercial Director. He was formerly with IBM for 12 years, latterly as Sales Manager with international responsibilities.

Subsequent to the year end, in July 2000, two further senior appointments were been made. Nigel Payne joined the Board as Finance Director. He was formerly Finance Director of Polestar Magazines and has 12 years of plc Board experience across a portfolio of high growth companies and has experience of acquisitions and flotations. Kevin Dale joined the company as Marketing Director. Formerly the Marketing Director of Eurobet, Kevin played a major role in brand development and brings with him a wealth of industry and general marketing expertise.

These new appointments have strengthened the breadth and depth of management, placing the company in a strong position to capitalise on the growth opportunities it foresees in the online sports betting market.

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CHAIRMAN'S STATEMENT

Post Balance Sheet Events

Further developments have taken place since the year end.

Following extensive customer research, an improved front end to the company's web site was launched in May 2000, designed to achieve an enhanced look and feel and greater ease of navigation for customers.

The company's affiliate programme, involving primarily click through banners from other web companies such as F1Jordan.com has grown substantially since the year end. The number of affiliates is expected to increase significantly during the year, providing a strong source of customer interest and registration.

In May 2000 the Turkish international language site was launched as part of the penetration programme with Superbahis. German and Spanish sites were also launched. A Japanese language site is set to launch late summer 2000. Chinese and Thai language sites will follow later in the year.

The acquisition of Betmaker.com was achieved at an acquisition price that the company considers particularly favourable. Given that the acquisition was not anticipated at the time of the earlier fundraisings, the company is now in the process of completing further fundraising up to a maximum of £7 million via a convertible loan note, convertible at £1.50 per share. This level of replacement acquisition funding will also provide sufficient funds for integration activities.

Current trading and Business Outlook.

Trading in the first quarter of the new financial year, a relatively quiet quarter as sporting activity begins to wind down for the summer, has been particularly pleasing. During the quarter and particularly during Euro 2000, Sportingbet opened over 4,000 new customer accounts and has seen a substantial rise in turnover. Activity levels for Betmaker.com are also up on last year, and activity from the marketing agreements set out above has exceeded forecast.

In addition to current activity levels, there are a number of factors that combine to provide an optimistic outlook for the company.

The company's software is at the leading edge of the industry. Its stability, reliability and increasingly global nature is showing clear signs of generating new customers and retaining them after initial registration. Increased revenues are expected to begin to flow in the current year. The company's joint venture agreements into three of the world's largest betting markets: Japan, Asia wide and Turkey are providing solid platforms for customer acquisition.

The company's global credibility and branding has been augmented through the acquisition of Betmaker.com in the Americas. This is generating new customer registrations and increased global awareness. The Betmaker.com acquisition has also created accelerated opportunities for the company to develop its business.

The position on worldwide Internet legislation remains unclear. As Governments around the world begin to address the issue, it is clear that a wide variety of views exist. The company remains close to the issues and remain confident that its operating platform based in Alderney will continue to serve the company well.

The initiatives in place including those that have taken place since the year end, place the company in a strong position to secure substantial growth from its marketplace. The Board of the company continues to be confident of the company's future performance.

P Dicks

Chairman

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DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 11 to 22.

Respective responsibilities of directors and auditors

As described on page 9 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the group and the company at 31 March 2000 and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward

Registered Auditors and Chartered Accountants
London

29 September 2000

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CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 31 March 2000

	Notes	2000 £	1999 £
TURNOVER	1	27,420,456	614,347
Cost of sales		<u>(26,578,936)</u>	<u>(767,538)</u>
GROSS PROFIT/(LOSS)		841,520	(153,191)
Administration expenses	2	<u>(1,790,000)</u>	<u>-</u>
- exceptional		<u>(4,103,049)</u>	<u>(843,536)</u>
- other		<u>(5,893,049)</u>	<u>(843,536)</u>
OPERATING LOSS		(5,051,529)	(996,727)
Interest receivable		46,798	1,990
Interest payable	3	<u>(2,285)</u>	<u>(4,190)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(5,007,016)	(998,927)
Taxation	6	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR	18	<u><u>(5,007,016)</u></u>	<u><u>(998,927)</u></u>
LOSS PER ORDINARY SHARE			As restated
Basic	7	<u><u>(4.9p)</u></u>	<u><u>(3.0p)</u></u>

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

There are no material differences on an historical cost basis to the amounts stated above.

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BALANCE SHEETS

31 March 2000

	Notes	Group		Company	
		2000	1999	2000	1999
		£	£	£	£
FIXED ASSETS					
Tangible assets	8	742,100	589,311	-	-
Investments	9	-	-	42,248	42,248
		<u>742,100</u>	<u>589,311</u>	<u>42,248</u>	<u>42,248</u>
CURRENT ASSETS					
Debtors:					
falling due within one year	10	513,300	41,699	4,813	-
falling due after one year	10	-	-	4,342,491	895,349
		<u>513,300</u>	<u>41,699</u>	<u>4,347,304</u>	<u>895,349</u>
Cash at bank and in hand		6,167,445	32	6,003,760	-
		<u>6,680,745</u>	<u>41,731</u>	<u>10,351,064</u>	<u>895,349</u>
CREDITORS:					
Amounts falling due within one year	11	1,871,450	(684,772)	(205,288)	-
NET CURRENT ASSETS/(LIABILITIES)		<u>4,809,295</u>	<u>(643,041)</u>	<u>10,145,776</u>	<u>895,349</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,551,395</u>	<u>(53,730)</u>	<u>10,188,024</u>	<u>937,597</u>
CREDITORS:					
Amounts falling due after more than one year	12	-	(49,844)	-	-
Provisions for liabilities and charges	13	(105,000)	-	(105,000)	-
NET ASSETS/(LIABILITIES)		<u>5,446,395</u>	<u>(103,574)</u>	<u>10,083,024</u>	<u>937,597</u>
CAPITAL AND RESERVES					
Called up share capital	14	111,304	82,809	111,304	82,809
Shares to be issued	15	1,000,000	-	1,000,000	-
Share premium	16	10,083,278	854,788	10,083,278	854,788
Other reserves	17	257,756	(42,244)	300,000	-
Profit and loss account	18	(6,005,943)	(998,927)	(1,411,558)	-
EQUITY SHAREHOLDERS' FUNDS/(DEFICIT)	19	<u>5,446,395</u>	<u>(103,574)</u>	<u>10,083,024</u>	<u>937,597</u>

Approved by the board on 29 September 2000

Mr M Blandford

Director

Mr N Payne

Director

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CASH FLOW STATEMENT

for the year ended 31 March 2000

	Notes	2000 £	1999 £
Cash flow from operating activities	20(a)	(2,698,086)	(626,597)
Returns on investments and servicing of finance	20(b)	44,513	(2,200)
Capital expenditure	20(b)	<u>(428,082)</u>	<u>(545,946)</u>
CASH OUTFLOW BEFORE FINANCING		(3,081,655)	(1,174,743)
Financing	20(b)	<u>9,320,281</u>	<u>1,103,562</u>
INCREASE/(DECREASE) IN CASH IN THE YEAR		<u>6,238,626</u>	<u>(71,181)</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
		2000 £	1999 £
Increase/(decrease) in cash in the year		6,238,626	(71,181)
Cash outflow/(inflow) from decrease/(increase) in debt		<u>208,209</u>	<u>(208,209)</u>
MOVEMENT IN NET DEBT IN YEAR		<u>6,446,835</u>	<u>(279,390)</u>
NET DEBT AT START OF YEAR		<u>(279,390)</u>	<u>-</u>
NET FUNDS/(DEBT) AT END OF YEAR		<u>6,167,445</u>	<u>(279,390)</u>

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ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

BASIS OF CONSOLIDATION

In October 1998 the company acquired the entire issued share capital of NetBet (Alderney) Limited (now renamed Sportingbet.com (Alderney) Limited) by means of a share exchange. This acquisition has been accounted for as a group reconstruction under the merger method of accounting as if the subsidiary had always been so owned. Accordingly, in the period when the merger took place, the whole of the results, assets, liabilities and equity shareholders' funds of the merged companies were consolidated, regardless of the actual merger date. As permitted by s.230 Companies Act 1985, the company has not presented its own profit and loss account.

TURNOVER

Turnover represents the amounts received in respect of bets placed on events which occurred by the period end and arises exclusively in Alderney.

TANGIBLE FIXED ASSETS

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Fixtures, fittings and equipment	25% on cost
Motor vehicles	25% on cost
Computer equipment	33% on cost

COMPUTER SOFTWARE

It is the company's practice to develop computer software for its operations. In previous accounting periods, the directors considered the estimated useful lives of these assets and their residual values, based on cost at the time of acquisition was 5 years. In the current period computer software development costs have been capitalised and depreciated over three years to the extent that they relate to structured improvements for which further economic benefit will ensue. All other software development costs are written off to the profit and loss account as incurred on the grounds of prudence.

INVESTMENTS

Investments in subsidiary undertakings are stated at cost. Provision is made for any impairment in value.

FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All exchange differences are taken to the profit and loss account.

FINANCIAL INSTRUMENTS

In addition to the disclosures made in note 23:

- Short term debtors and creditors are not treated as financial assets or financial liabilities.
- The group does not hold or issue derivative financial instruments for trading purposes.

sportingbet.com (UK) Plc

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2000

- 1 **TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**
The group's turnover and loss before taxation were all derived from its principal activity of offering, from Alderney, interactive betting over the Internet. Of the group's loss for the period £1,411,558 (1999: £Nil) has been dealt with in the company's financial statements.

2	EXCEPTIONAL ITEMS BEFORE INTEREST AND TAXATION	2000	1999
		£	£
	Marketing and advertising	(1,200,000)	-
	Software development costs	(590,000)	-
		<u>(1,790,000)</u>	<u>-</u>

Marketing and advertising costs represent costs associated with a contract for the provision of marketing Sportingbet.com's services in the Far East. £1million of these costs will be satisfied by the issue of ordinary shares in the company at a price equal to the average market price over the four week period ended 31 March 2000.

Software development costs include the affect of accelerated depreciation costs in the current year.

3	INTEREST PAYABLE	2000	1999
		£	£
	On bank loans and overdrafts	<u>2,285</u>	<u>4,190</u>

4	LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2000	1999
		£	£
	Loss on ordinary activities before taxation is stated after charging:		
	Depreciation of tangible fixed assets	412,306	83,773
	Operating lease rentals - land and buildings	165,281	58,537
	Auditors' remuneration - audit - company	10,000	-
	- group	25,000	10,000
	- non-audit services	<u>123,265</u>	<u>50,784</u>

5	EMPLOYEES	2000	1999
		No.	No.
	The average monthly number of persons (including directors) employed by the group during the period was:		
	Operations	30	16
	Management and administration	<u>9</u>	<u>14</u>
		<u>39</u>	<u>30</u>

		2000	1999
		£	£
	Staff costs for the above persons:		
	Wages and salaries	912,551	302,656
	Social security costs	<u>177,925</u>	<u>339</u>
		<u>1,090,476</u>	<u>302,995</u>

sportingbet.com (UK) Plc

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2000

5 EMPLOYEES *continued*

DIRECTORS' REMUNERATION

The emoluments of the individual directors were as follows:

	Basic Salary 2000 £	Benefits in kind 2000 £	Fees 2000 £	Total emoluments	
				2000 £	1999 £
M Blandford	77,443	-	-	77,443	99,732
P Goodmaker	-	-	11,000	11,000	-
P Jay	-	-	11,000	11,000	-
J Blower	-	-	13,750	13,750	-
P Dicks	-	-	2,500	2,500	-
	<u>77,443</u>	<u>-</u>	<u>38,250</u>	<u>115,693</u>	<u>99,732</u>

The share options held by directors during the year are set out as below:

	1 April 1999 Number	Granted Number	Exercised Number	31 March 2000 Number	Exercise Price	Date from which exercisable	Expiry Date
P Dicks	-	-	-	250,000	65p	14 Dec 2001	13 Dec 2006
P Goodmaker	76,920	-	-	76,920	6.5p	27 Nov 1998	27 Nov 2003

No options lapsed during the year. The market price of the shares at 31 March 2000 was 122.5p and the range during the financial year was 84.5p to 190.5p

No options were exercised during the year ended 31 March 1999

6 TAXATION

The Group has no liability to corporation tax at 31 March 2000 due to the ongoing tax losses. Estimated unutilised tax losses available to the group were £1 million (1999: £200,000).

7 LOSS PER ORDINARY SHARE

The calculation of basic loss per share is based on losses attributable to shareholders of Sportingbet.com (UK) Plc of £5,007,016 (1999: £998,927) and the weighted average number of shares in issue during the period was 103,757,933 (1999: 32,756,630) ordinary shares. In respect of the 1999 loss per share, the figure is restated following the 10 for 1 share split during the year ended 31 March 2000.

No diluted loss per share has been presented as the effect of the exercise of potential ordinary shares is anti-dilutive.

sportingbet.com (UK) Plc

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2000

8 TANGIBLE FIXED ASSETS

GROUP

	Fixtures, fittings and equipment £	Motor vehicles £	Computer software £	Computer equipment £	Total £
Cost					
As at 1 April 1999	92,914	775	518,599	60,796	673,084
Additions	57,820	8,360	370,002	128,913	565,095
As at 31 March 2000	<u>150,734</u>	<u>9,135</u>	<u>888,601</u>	<u>189,709</u>	<u>1,238,179</u>
Depreciation					
As at 1 April 1999	14,959	146	52,341	16,327	83,773
Charge for the year	33,211	492	336,260	42,343	412,306
As at 31 March 2000	<u>48,170</u>	<u>638</u>	<u>388,601</u>	<u>58,670</u>	<u>496,079</u>
Net book value					
As at 31 March 2000	<u>102,564</u>	<u>8,497</u>	<u>500,000</u>	<u>131,039</u>	<u>742,100</u>
As at 31 March 1999	<u>77,955</u>	<u>629</u>	<u>466,258</u>	<u>44,469</u>	<u>589,311</u>

9 FIXED ASSET INVESTMENTS

	Shares in subsidiary undertakings £
Company:	
Cost as at 31 March 1999 and 31 March 2000	<u>42,248</u>

The subsidiary undertaking (100% ordinary share capital owned) is Sportingbet.com (Alderney) Limited, an internet bookmaker registered in the Channel Islands.

10 DEBTORS

	Group		Company	
	2000 £	1999 £	2000 £	1999 £
Due within one year:				
Other debtors	481,952	24,701	700	-
Prepayments and accrued income	31,348	16,998	4,113	-
	<u>513,300</u>	<u>41,699</u>	<u>4,813</u>	<u>-</u>
Due after one year:				
Owed by subsidiary undertaking	-	-	4,342,491	895,349
	<u>513,300</u>	<u>41,699</u>	<u>4,347,304</u>	<u>895,349</u>

The company has agreed to provide its subsidiary undertaking with such financial support as is necessary to enable the subsidiary to continue to trade and meet its obligations to third party creditors as and when they fall due.

sportingbet.com (UK) Plc

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2000

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
11 CREDITORS: Amounts falling due within one year				
Bank overdraft	-	71,213	-	-
Trade creditors	438,583	176,511	-	-
Directors' current account	-	158,365	-	-
Other taxation and social security costs	335,733	19,318	86,000	-
Other creditors	607,637	126,764	-	-
Accruals and deferred income	489,497	132,601	119,288	-
	<u>1,871,450</u>	<u>684,772</u>	<u>205,288</u>	<u>-</u>

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
12 CREDITORS:				
Amounts falling due after more than one year				
Director's loan account	-	49,844	-	-
	<u>-</u>	<u>49,844</u>	<u>-</u>	<u>-</u>

13 PROVISIONS FOR LIABILITIES AND CHARGES		2000	1999
Group and Company:		£	£
Social Security costs		<u>105,000</u>	<u>-</u>

The provision represents National Insurance that may fall due in respect of Ordinary share options issued post 5 April 1999.

14 SHARE CAPITAL		2000	1999
Group and Company:		£	£
Authorised:			
1,000,000,000 Ordinary shares of 0.1p each (1999: 100,000,000 Ordinary shares of 1p each)		<u>1,000,000</u>	<u>1,000,000</u>
Allotted, issued and fully paid:			
111,303,994 Ordinary shares of 0.1p each (1999: 8,280,906 Ordinary shares of 1p each)		<u>111,304</u>	<u>82,809</u>

On 28 April 1999 investors subscribed for a total of 1,719,094 Ordinary shares of 1p for cash at 70p per share.

On 15 June 1999 the company granted share options to an employee in respect of 250,000 Ordinary shares each at an exercise price of 27p per share. The options are exercisable at any time between 15 June 2003 and 15 June 2007.

On 15 July 1999 the company granted share options to an employee in respect of 30,000 Ordinary shares each at an exercise price of 65p per share. The options are exercisable at any time between 15 July 2003 and 15 July 2007.

On 15 August 1999 the company granted share options to two employees in respect of 60,345 and 250,000 Ordinary shares respectively, each at an exercise price of 29p per share. The options are exercisable at any time between 15 August 2003 and 15 August 2007.

On 3 August 1999 investors subscribed for a total of 612,245 Ordinary shares of 1p for cash at 245p per share.

On 1 December 1999 the company granted share options to an employee in respect of 38,043 Ordinary shares each at an exercise price of 46p per share. The options are exercisable at any time between 1 December 2003 and 1 December 2007.

On 15 December 1999 the company granted share options to an employee in respect of 250,000 Ordinary shares each at an exercise price of 65p per share. The options are exercisable at any time between 15 December 2003 and 15 December 2007.

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2000

On 15 January 2000 the company granted share options to an employee in respect of 250,000 Ordinary shares each at an exercise price of 99p per share. The options are exercisable at any time between 15 January 2001 and 15 January 2008.

On 17 January 2000 the Ordinary share capital was subdivided into Ordinary shares of 0.1p each.

On 9 February 2000 Daniel Stewart and Company Limited were granted an option to purchase 300,000 Ordinary shares of 0.1p each at an exercise price of 50p per share. The options are exercisable at any time prior to 9 February 2005.

On 15 February 2000 the company granted share options to an employee in respect of 10,769 Ordinary shares each at an exercise price of 162.5p per share. The options are exercisable at any time between 15 February 2001 and 15 February 2008.

On 15 February 2000 the company granted share options to an employee in respect of 27,500 Ordinary shares each at an exercise price of 166p per share. The options are exercisable at any time between 15 February 2001 and 15 February 2008.

On 17 February 2000 investors subscribed for a total of 5,181,544 Ordinary shares of 0.1p for cash at 145p per share.

On 31 March 2000 Singinvests Holdings Limited was granted an option to purchase 3,300,000 Ordinary shares of 0.1p each at an exercise price of 130p per share. The options are exercisable at any time prior to 31 March 2005.

15	SHARES TO BE ISSUED	2000	1999
	Group and Company:	£	£
	Marketing agency agreement	<u>1,000,000</u>	<u>-</u>

On 31 March 2000 the company contracted to issue shares to the value of £1,000,000 to Singinvests Holdings Limited. The share issue represents consideration for entering a contract to provide marketing and other services in connection with promoting and building the company's brand in the Far East. The issue price is based on the average price per share over the four week period to 31 March 2000.

16	SHARE PREMIUM	2000
	Group and Company	£
	As at 1 April 1999	854,788
	Premiums on allotments during the period (net of expenses of £659,620 (1999:£122,738))	<u>9,228,490</u>
	As at 31 March 2000	<u>10,083,278</u>

17	OTHER RESERVES	Group 2000	Company 2000
		£	£
	1 April 1999	(42,244)	-
	Movement in the year	<u>300,000</u>	<u>300,000</u>
	31 March 2000	<u>257,756</u>	<u>300,000</u>

The movement in other reserves represents the discount to market value on share options issued during the year. This discount was included within the share issue expenses disclosed in note 16.

18	PROFIT AND LOSS ACCOUNT	Group	Company
		£	£
	1 April 1999	(998,927)	-
	Loss for the year	<u>(5,007,016)</u>	<u>(1,411,558)</u>
	31 March 2000	<u>(6,005,943)</u>	<u>(1,411,558)</u>

sportingbet.com (UK) Plc
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2000

19	RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS/(DEFICIT)	2000	Group 1999
		£	£
	Loss for the year	(5,007,016)	(998,927)
	Share capital subscribed (net of issue costs)	9,256,985	937,597
	Shares to be issued	1,000,000	-
	Merger reserve on acquisition of subsidiary undertaking	-	(42,244)
	Grant of Share Options at discount	300,000	-
	Net addition to/(reduction in) shareholders' funds	<u>5,549,969</u>	<u>(103,574)</u>
	Opening shareholders' deficit	(103,574)	-
	Closing shareholders' funds/(deficit)	<u>5,446,395</u>	<u>(103,574)</u>
20	CASH FLOWS	2000	1999
		£	£
(a)	Reconciliation of operating loss to net cash flow from operating activities		
	Operating loss	(5,051,529)	(996,727)
	Depreciation	412,306	83,773
	Increase in debtors	(471,601)	(41,699)
	Increase in creditors - ordinary activities	1,212,738	328,056
	- exceptional item	200,000	-
	Shares to be issued in respect of exceptional item	1,000,000	-
	Net cash flow from operating activities	<u>(2,698,086)</u>	<u>(626,597)</u>
	The exceptional items had no cashflow impact during the year.		
(b)	Analysis of cash flows for headings netted in the cash flow statement		
	Returns on investments and servicing of finance		
	Interest received	46,798	1,990
	Interest paid	(2,285)	(4,190)
	Net cashflow for returns on investments and servicing of finance	<u>44,513</u>	<u>(2,200)</u>
	Capital expenditure		
	Purchase of tangible fixed assets	(428,082)	(545,946)
	Net cash outflow for capital expenditure	<u>(428,082)</u>	<u>(545,946)</u>
	Financing		
	Issue of share capital	10,188,110	1,010,091
	Expenses paid in connection with share issues	(659,620)	(114,738)
	Director's loan	(208,209)	208,209
	Net cash inflow from financing	<u>9,320,281</u>	<u>1,103,562</u>

sportingbet.com (UK) Plc
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2000

(c) Analysis of net funds	Cash flows £	At	At
		31 March 1999 £	31 March 2000 £
Cash in hand, at bank	6,167,413	32	6,167,445
Overdrafts	71,213	(71,213)	-
	<u>6,238,626</u>	<u>(71,181)</u>	<u>6,167,445</u>
Debt due within one year	158,365	(158,365)	-
Debt due after one year	49,844	(49,844)	-
	<u>208,209</u>	<u>(208,209)</u>	<u>-</u>
Total	<u>6,446,835</u>	<u>(279,390)</u>	<u>6,167,445</u>

21 COMMITMENTS UNDER OPERATING LEASES

At 31 March 2000 the Group had annual commitments under non-cancellable operating leases as follows:

	2000 £	1999 £
Land and buildings expiring within one year	138,948	9,100
expiring after five years	118,328	14,156
	<u>257,276</u>	<u>23,256</u>

The leases are subject to periodic rent reviews.

22 RELATED PARTY TRANSACTIONS

The Group conducted trade on normal commercial terms with the following businesses in which directors of the Group had material interests:

Director	Business	2000 £	1999 £	Nature of dealings
Mr P Goodmaker	Goodmakers, Chartered Accountants	19,750	7,500	Professional fees
Mr P Jay	Finers, Solicitors	159,122	37,465	Professional fees

During the year the company repaid Mr M Blandford, a director, £208,209 (1999: £Nil) representing repayment of an interest free loan to the group.

sportingbet.com (UK) Plc
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2000

23 FINANCIAL INSTRUMENTS

(a) Interest rate and currency borrowings

As at 31 March 2000 the group had no borrowings.

As at 31 March 1999 the interest rate exposure of its borrowings (all of which are in sterling) was as follows:

	£
Fixed interest rate borrowings	208,209
Floating interest rate borrowings	71,213
	<u>279,422</u>

The floating rate borrowings comprise of bank overdraft facilities and bears interest rates based upon LIBOR. The fixed rate borrowing is an interest free loan from a director.

(b) Interest rate and currency of cash balances

Floating rate financial assets of £6,167,445 (1999: £32) comprised sterling cash deposits on money market deposit at call rates. There are no other financial assets.

(c) Fair values of financial instruments

At year end the fair and book values of each of the group's financial instruments are equal.

24 POST BALANCE SHEET EVENTS

On 5 May 2000, the group acquired all of the assets and goodwill of Betmaker.com, an overseas on-line betting company.

Subsequent to the year end, the company raised £6.8 million in funding from the issue of convertible loan stock.

25 BETTING LICENCE

Sportingbet.com (Alderney) Limited, the subsidiary undertaking, operates under a 5 year fixed term licence from 7 May 1998, under the Gambling (Betting) (Alderney) Ordinance 1997. The licence enables the company to undertake a sports betting service on the Internet through its electronic betting centre. Under the provision of this Ordinance, the licence can be varied or any condition rescinded at any time.

sportingbet.com (UK) Plc

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Sportingbet.com (UK) Plc will be held at the offices of Finers Stephens Innocent, 179 Great Portland Street, London W1N 6LS at 2.30 pm on 9 November 2000 to transact the following business:-

As Ordinary Business to consider and if thought fit, pass the following resolutions which are proposed as ordinary resolutions:

1. To receive and adopt the Financial Statements of the Company for the year ended 31 March 2000 and the Reports of the Directors and Auditors thereon.
2. To re-elect M Blandford as a Director.
3. To re-elect P Jay as a Director.
4. To re-elect P Goodmaker as a Director.
5. To re-elect J Blower as a Director.
6. To re-elect P Dicks as a Director.
7. To re-elect N Payne as a Director.
8. To re-appoint BDO Stoy Hayward as auditors to the Company and to authorise the Directors to fix their remuneration.

As Special Business to consider and, if thought fit, pass the following resolutions; Resolution 9 will be proposed as an ordinary resolution and Resolutions 10 and 11 will be proposed as special resolutions:

9. That:
 - (1) In accordance with Section 80 of the Companies Act 1985 the Directors be and are hereby authorised to exercise all powers of the Company to allot relevant securities within the terms of the restrictions and provisions following, namely:
 - (a) this authority shall (unless previously revoked, varied or renewed) expire at the conclusion of the Annual General Meeting of the Company next following the passing of this Resolution, and in any event on 28 February 2002; and
 - (b) this authority shall be limited to the allotment of relevant securities up to an aggregate nominal amount of £886,029
 - (2) for the purposes of sub-paragraph 9(1) above:
 - (a) the said authority shall allow and enable the Directors to make an offer or agreement before the expiry of that authority which would or might require relevant securities to be allotted after such expiry; and
 - (b) words or expressions defined in or for the purposes of Part IV of the Companies Act 1985 shall bear the same meaning herein.
 - (3) the authority conferred by sub-paragraph 9(1) above shall be in substitution for all previous authorities conferred upon the Directors to allot relevant securities.
10. That:
 - (1) In accordance with Section 95 of the Companies Act 1985 the Directors be and are hereby given power to allot equity securities for cash pursuant to the general authority conferred upon the Directors in Resolution 9 above as if sub-section (1) of Section 89 of the Companies Act 1985 did not apply to any such allotment, provided that the power hereby granted:
 - (a) shall be limited to:
 - (i) the allotment of up to 4,666,667 new ordinary shares of 0.1 pence each arising on the conversion of the £7,000,000 nominal of 10% Convertible Unsecured Loan Stock 2003 of the Company;
 - (ii) the allotment of equity securities in connection with or pursuant to an offer by way of rights to the holders of ordinary shares in the capital of the Company and other persons entitled to participate therein for cash in proportion (as nearly as may be) to the holdings of ordinary shares of such holders (or, as appropriate, to the numbers of ordinary shares which such other persons are for these purposes deemed to hold) subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of or the requirements of any recognised regulatory body in any territory;

- (iii) the allotment (otherwise than pursuant to sub-paragraphs (a)(i) to (a)(ii) of this provision) of equity securities up to an aggregate nominal amount of £881,362.
 - (b) shall (unless previously revoked, varied or renewed) expire at the conclusion of the Annual General Meeting of the Company next following the passing of this Resolution, and in any event on 28 February 2002.
 - (2) the said power shall allow and enable the Directors to make an offer or agreement before the expiry of that power which would or might require equity securities to be allotted after such expiry.
 - (3) words and expressions defined in or for the purposes of Part IV of the Companies Act 1985 shall bear the same meaning herein.
11. That the Company's articles of association be amended as follows:
- (1) the existing sub-clause (ii) of article 84 be deleted and there be substituted therefor the following wording:
“(ii) a takeover offer for the Company (as defined in Section 428 of the act.)”
 - (2) the figure “£50,000” in the First sentence of article 90 be deleted and there be substituted therefor the figure “£100,000”:
 - (3) the existing article 121 be deleted and there be substituted therefor the following wording:
“121 At each annual general meeting:
 - (1) any director who was elected or last re-elected a director at or before the annual general meeting held in the third calendar year before the current year shall retire by rotation: and
 - (2) such further directors (if any) shall retire by rotation as would bring the number retiring by rotation up to one-third of the number of directors in office at the date of the notice of meeting (or, if their number is not a multiple of three, the number nearest to but not greater than one-third).”

By order of the Board

Filex Services Limited
Secretary

Registered Office
179 Great Portland Street
London
W1N 8LS

29 September 2000

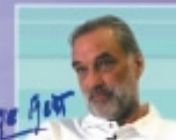
Notes

1. Only those shareholders on the register of members of the Company as at 6 pm on Tuesday 7 November 2000 shall be entitled to attend or vote at the above general meeting in respect of the number of shares registered in their name at the time. Changes to entries on the relevant register after 6 pm on Tuesday 7 November 2000 shall be disregarded in determining the rights of any person to attend and vote at the meeting.
2. A member of the Company eligible to attend and vote at the meeting is entitled to appoint one or more proxies to attend, and on a poll, to vote in his stead. A proxy need not be a member of the Company. A Form of Proxy accompanies this document for your use. To be valid, Forms of Proxy together with the power of attorney (if any) under which it is signed or a notarially certified copy thereof must be deposited at the offices of the Company's Registrars, Capita IRG plc, Balfour House, 390-398 High Road, Ilford, Essex IG1 1NG not later than 48 hours before the time of the meeting. Deposit of a Form of Proxy will not prevent a member from attending and voting in person should he so wish.

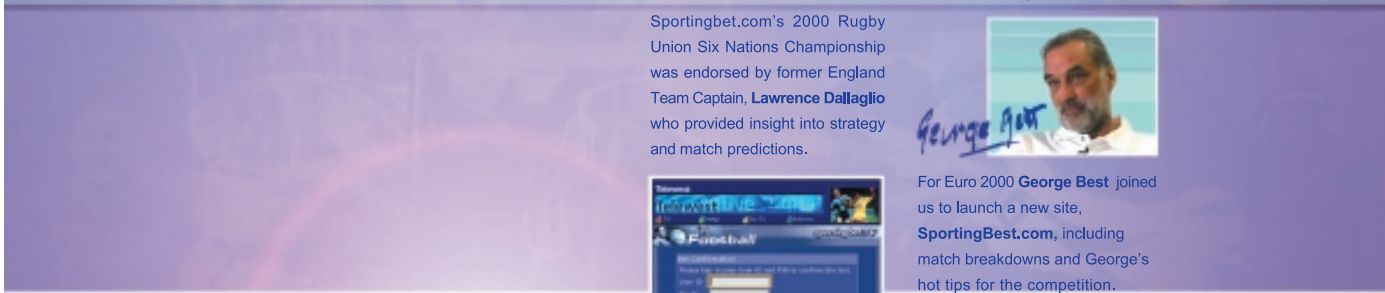


Following the success of the New Look English language site, Sportingbet.com is undergoing a process of internationalisation. Already live in Spanish, German and Turkish, we will also be launching Japanese and Chinese sites in the very near future.

Sportingbet.com's 2000 Rugby Union Six Nations Championship was endorsed by former England Team Captain, **Lawrence Dallaglio** who provided insight into strategy and match predictions.



For Euro 2000 **George Best** joined us to launch a new site, **SportingBest.com**, including match breakdowns and George's hot tips for the competition.



In June 2000 Sportingbet.com launched **Sportingbet.TV**, a new site, tailor made for the specific functionality of this new medium.

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