



**Nigel Payne – Group Chief Executive**  
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**REVIEW OF THE THREE MONTHS ENDED 30 JUNE 2002**

**AUGUST 2002**

## 3 Months to 30 June 2002: Summary

- Turnover of £248.1m – up 123% from £111.5m last year.
- Gross profit of £13.3m – up 250% from £3.8m last year.
- Operating profit of £1.4 million – loss of £0.2m last year.
- Cash outflow from trading activities of £0.8m – outflow of £0.7m last year.
- Loss before Tax of £1.5m – loss of £1m last year.
- Customers up 49,624 to 608,211.
- A further 68,000 customers acquired on 2<sup>nd</sup> July from Sporting Odds.

## Profit and Loss

	3 mths to 30 June 2002	3 mths to 30 June 2001
	£'000	£'000
Turnover	248,132	111,500
Cost of sales	(234,875)	(107,688)
Gross profit	13,257	3,812
Expenses	(11,899)	(4,057)
Operating profit	1,358	(245)
Exceptional costs	-	(125)
Goodwill	(2,421)	(562)
Interest	(477)	(67)
Profit before tax	(1,540)	(999)
Tax	(60)	-
Profit after tax	(1,600)	(999)

# EPS

	<b>3 mths to 30 June 2002</b>	3 mths to 30 June 2001
<b>Basic:</b>		
Eps	<b>(1.0)</b>	(0.7)
Pre goodwill and exceptionals	<b>0.5</b>	(0.2)
EBITDA	<b>1.0</b>	(0.1)
<b>Fully diluted:</b>		
Eps	<b>(0.9)</b>	-
Pre goodwill and exceptionals	<b>0.5</b>	-
EBITDA	<b>1.0</b>	-

## Turnover by Activity

	<b>3 mths to 30 June 2002</b>	3 mths to 30 June 2001
	<b>£'000</b>	£'000
Sports	<b>208,641</b>	96,407
Casino	<b>35,380</b>	15,094
Fee Income	<b>4,111</b>	-
	<b>248,132</b>	111,500

## Turnover by Region

	<b>3 mths to 30 June 2002</b>	3 mths to 30 June 2001
	<b>£'000</b>	£'000
AMER	<b>158,648</b>	43,007
AA	<b>65,568</b>	53,584
EMEA	<b>23,916</b>	14,909
	<b>248,132</b>	111,500

## Gross Margin by Activity

	<b>3 mths to 30 June 2002</b>	3 mths to 30 June 2002
	<b>£'000</b>	£'000
Sports	<b>8,347</b>	3,451
Casino	<b>799</b>	361
Fees	<b>4,111</b>	-
	<b>13,257</b>	3,812
<i>Percentage of turnover</i>	<b>5.4%</b>	3.4%

## Operating Costs

	Q1 2002 / 03		Q4 2001 / 02		Q1 2001 / 02	
	£'000		£'000		£'000	
Marketing	2,683	1.08%	3,638	1.05%	1,000	0.90%
I.T.	1,762	0.71%	1,991	0.58%	473	0.42%
Banking	2,277	0.92%	3,684	1.07%	439	0.39%
Employees	2,693	1.09%	2,986	0.86%	1,341	1.20%
Depreciation	402	0.16%	494	0.14%	153	0.14%
Other administrative	2,082	0.84%	2,778	0.80%	651	0.58%
	<b>11,899</b>		<b>15,571</b>		<b>4,056</b>	
<i>Percentage of turnover</i>	<b>4.8%</b>		<b>4.5%</b>		<b>3.6%</b>	



## Finance Costs

	3 mths to 30 June 2002	3 mths to 30 June 2002
	£'000	£'000
<b>Interest receivable</b>	<b>63</b>	96
<b>Payable</b>	<b>(163)</b>	(163)
	<b>(100)</b>	(67)
<b>Discounting of deferred consideration</b>	<b>(377)</b>	-
	<b>(477)</b>	(67)

## Balance Sheet

	Q1 2002 / 03	Yr End 2001/02	Q1 2001 / 02
	£ 000	£ 000	£ 000
<b>FIXED ASSETS</b>			
Goodwill	181,763	184,184	34,290
Tangible assets	3,173	3,114	2,723
	<b>184,936</b>	<b>187,298</b>	<b>37,013</b>
Debtors	8,828	7,484	7,663
Cash	17,684	21,455	6,024
Creditors falling due within one year	(18,143)	(21,263)	(7,884)
<b>NET CURRENT ASSETS</b>	<b>8,369</b>	<b>7,676</b>	<b>5,803</b>
<b>CREDITORS</b>			
Amounts falling due after more than one year	(48,474)	(47,003)	(2,897)
Convertible loan notes	(13,552)	(17,092)	(6,530)
<b>NET ASSETS</b>	<b>131,279</b>	<b>130,879</b>	<b>33,389</b>
<b>RESERVES</b>			
Share capital	154	152	135
Shares to be issued	87,644	87,644	8,372
Share premium	50,026	48,028	35,829
Other reserves	257	257	257
Profit and loss	(6,802)	(5,202)	(11,204)
<b>SHAREHOLDERS' FUNDS</b>	<b>131,279</b>	<b>130,879</b>	<b>33,389</b>

## Cash Flow

	£'000	£'000
Opening Cash		21,455
<b>EBITDA</b>	<b>1,759</b>	
Interest	63	
Working Capital Movements	<u>(2,538)</u>	
	(716)	
Capital Expenditure	(8)	
Acquisitions	(3,048)	
Financing	-	
		<u>(3,772)</u>
Closing Cash		17,683

**Review of AMER - 1**

	<b>June 2002</b>	<b>June 2001</b>
<b>Customer Numbers</b>	<b>503,220</b>	<b>468,429</b>
<b>Organic Growth</b>	<b>34,791</b>	<b>3,063</b>
<b>Acquired through acquisition</b>	<b>0</b>	<b>0</b>
<b>Average Activity rate</b>	<b>16%</b>	<b>17%</b>
<b>Cost per acquisition (active)</b>	<b>£300</b>	<b>£520</b>
<b>Spend per head</b>	<b>£6,978</b>	<b>£5,373</b>
<b>Margin % sports</b>	<b>6.0%</b>	<b>3.3%</b>
<b>Margin % casino</b>	<b>2.1%</b>	<b>2.0%</b>

## Review of AMER - 2

- Strong soccer betting on the World Cup.
- Strong casino growth.
- Businesses now fully integrated and operate as one.
- £20m Earn Out financing facility now in place via Barclays Bank plc.
- New white labels showing early signs of success.
- In-running betting exchange, sportsbook121.com, delayed following receivership of supplier. Other options readily available.
- Business well placed for busy season.

**Review of EMEA - 1**

	<b>June 2002</b>	<b>June 2001</b>
<b>Customer Numbers</b>	<b>68,568</b>	<b>54,884</b>
<b>Organic Growth</b>	<b>13,684</b>	<b>4,083</b>
<b>Acquired through acquisition</b>	<b>-</b>	<b>-</b>
<b>Activity rates</b>	<b>20%</b>	<b>16%</b>
<b>Cost per acquisition (active)</b>	<b>£325</b>	<b>£495</b>
<b>Spend per head</b>	<b>£1,268</b>	<b>£1,394</b>
<b>Margin % sports</b>	<b>3.2%</b>	<b>3.4%</b>
<b>Margin % casino</b>	<b>2.3%</b>	<b>2.0%</b>

## Review of EMEA - 2

- Continued strong progress made.
- Organic growth 3 times that of last year.
- Sporting Odds acquisition not included. Business performing well.
- Integration on schedule.
- Increased focus on the U.K. 100,000 customers from U.K. at 2<sup>nd</sup> July.
- Relocation of licensing jurisdiction onshore to London.
- Reduced cost of acquisition to £325 per active customer maintained.
- Major white label with Sports.com.
- Profitability can now be seen at the end of this financial year.

**Review of AA**

	<b>June 2002</b>	<b>June 2001</b>
<b>Customer Numbers</b>	<b>36,423</b>	<b>35,274</b>
<b>Organic Growth</b>	<b>2,672</b>	<b>1,561</b>
<b>Acquired through acquisition</b>	<b>-</b>	<b>-</b>
<b>Activity rates</b>	<b>17%</b>	<b>16%</b>
<b>Cost per acquisition (active)</b>	<b>£320</b>	<b>£475</b>
<b>Spend per head</b>	<b>£7,450</b>	<b>£7,265</b>
<b>Margin % sports</b>	<b>3.5%</b>	<b>3.1%</b>
<b>Margin % casino</b>	<b>-</b>	<b>-</b>



## Review of AA -2

- Good quarter in Asian retail.
- Two new retail marketing partners appointed.
- Orderly exit from wholesale business now complete.
- Some effect on turnover, no effect on margin or profitability.
- Opportunity re Vietnam call centre not being taken up.
- Australian Internet site [sportingbet.com.au](http://sportingbet.com.au) now live.
- Margins average only for the region.

## Summary

- Solid start to the year.
- Phase of integration complete.
- Strong growth in customer numbers.
- Financing facility in place.
- Board looks forward to the future with confidence.

Global Sportsbook & Casino  
**sportingbet Plc**



Thank you