



Sportingbet Plc

Results for the twelve months ended 31 March 2004

Sportingbet Plc (LSE: SBT), the world's largest online betting group, announces its unaudited results for the fourth quarter and cumulative results for the twelve months ended 31 March 2004.

Financial Highlights – 12 months ended 31 March 2004

- Turnover increased 11% to £1,086m; 14% at constant exchange rates.
- Operating profit before goodwill and exceptional costs increased 34% to £19.6m.
- Profit before tax increased 557% to £9.2m.
- Cash generation up 134% to £21.8m; £14.5m of net debt repaid since July 2003.
- Earnings per share pre goodwill and exceptional costs of 8.9p, up 25% from 7.1p.

Business Highlights – 12 months ended 31 March 2004

- Equivalent of 8 bets per second placed with the Group, every second of every day.
- Number of sports bets up 30% to 28.5m; cost per bet reduced by 16%.
- Material progress in Europe, operating profit of £1m against a loss of £2m in 2003.
- Continued strong performance in US despite adverse exchange rate movement.
- Australian internet launch successful, 43% of all bets now taken over the internet.
- Casino, gaming and fee income up 21% to £34.3m.

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

"I am delighted to report a record performance for the Group which underlines our market leading position. Our strategy of driving growth by targeting leisure gamblers with Sportingbet's entertainment oriented product offering, complemented by creative marketing campaigns and focused management, has borne fruit. This has enabled us to leverage off our scalable cost base to excellent effect delivering record profitability, record cash inflow and paying down a significant proportion of debt.

Sportingbet now has over one million registered customers and takes the equivalent of eight bets per second, throughout the year. The business has attained considerable scale. With organic growth continuing at a strong pace, new products being launched and new markets being opened, we continue to view the future with confidence."

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

“Over the last twelve months we have seen the number of customers using the Group’s services, the number of bets taken, the profits and cash generated reach record levels.

Our European business has improved materially. From a loss of £2m in the prior year, management has changed this region into a fast growing and profitable business, delivering £1.0m of operating profit this year. Our other businesses have also performed well. Despite adverse exchange rate movements, the US business has had a good year. With strong new products in the pipeline such as horse racing (launched this month) and poker (to be launched in early June), the future for this region is exciting. The launch of our internet business in Australia has been successful. The number of bets taken has nearly doubled year on year and 43% of all bets are now taken over the internet.

Our industry is undergoing rapid change. The era of the one-dimensional sports betting website has almost come to an end. Leisure punters are seeking a greater variety of entertainment from their “betting partner” and are increasing their activity with those businesses that provide this, through such products as virtual games, bingo, poker and casino. Our industry is now well established as a mainstream leisure activity. The winners in our industry will be those companies who understand these dynamics, who deliver leading-edge products that service this need, can transact through efficient payment processing channels, have strong, targeted marketing networks and generate customer loyalty and trust. We have focused our efforts on and invested in precisely these areas.

Sportingbet has now successfully moved into a new phase in its strategic development where the combination of its scalability, global reach, product offering and quality has enabled it to satisfy growing demand and increase shareholder value.”

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FINANCIAL RESULTS

Twelve months to 31 March 2004

Turnover for the twelve months to 31 March 2004 was £1,085.6m (2003: £978.7m), earning a gross margin of £91.1m (2003: £83.2m) at 8.4% of turnover (2003: 8.5%). Sports betting turnover was £1,051.3m (2003: £950.3m), earning a gross margin of £56.8m (2003: £54.8m) at a gross margin percentage of 5.4% (2003: 5.8%). Casino betting and fee income contributed a further £28.5m and £5.8m respectively to both turnover and gross margin (2003: £22.9m and £5.5m).

Costs in the twelve months of £71.5m (2003: £68.6m) represented 6.6% (2003: 7.0%) of turnover. Costs comprised marketing £24.7m (2003: £22.0m), commissions paid to marketing partners and third party software providers £12.2m (2003: £10.6m), banking fees £13.5m (2003: £13.6m), employee costs £13.8m (2003: £11.9m), other administration costs £6.0m (2003: £9.0m) and depreciation £1.3m (2003: £1.5m). Employee costs include the payment of bonuses of £1.5m (2003: £nil), of which £0.7m is non-recurring.

Operating profit for the twelve months was £19.6m (2003: £14.6m), representing a margin of 1.8% of turnover (2003: 1.5%). With approximately 90% of the Group's revenues and costs denominated in foreign currency, exchange rates, particularly the sterling/dollar rate, can have a significant impact on the reported figures. The average dollar/sterling exchange rate for the twelve months was \$1.71, a 10% decline over the corresponding period last year. The net impact of the adverse exchange rate movements during the year has been to reduce the Group's operating profit from trading activities by £1.1m. However this has been more than offset by the retranslation at the end of the period of US dollar loan notes due to the vendors of Sportsbook, which resulted in an exchange gain of £2.4m. This gain is included in administration costs.

Profit before tax was £9.2m (2003: £1.4m) after deducting exceptional costs of £1.8m (2003: £1.4m), goodwill amortisation of £7.1m (2003: £9.6m), share of operating profit in associate of £0.2m (2003: £nil) and interest of £1.7m (2003: £2.2m). Earnings per share before exceptional costs and amortisation of goodwill was 8.9p (2003: 7.1p).

Exceptional costs of £1.8m were all incurred in the first half to 30 September 2003 and relate to legal and professional fees associated with renegotiating the Sportsbook earn-out and offer discussions earlier in the year. Included within interest is a non-cash charge of £0.6m (2003: £1.5m) in respect of the FRS7 requirement to discount future earn-out liabilities back to current values. The final charge was made in July 2003, when the Sportsbook earn-out was settled.

During the twelve months ended 31 March 2004, the Group generated cash from operating activities of £21.8m (2003: £9.3m), of which £14.5m was used to repay net debt. At the end of the twelve months, gross debt amounted to £36.3m. This comprised a bank loan and overdraft totalling £17.3m, non-interest bearing, US dollar denominated loan notes to the vendors of Sportsbook of £17.5m (\$32.2m) and a contingent consideration payment in Australia of £1.5m pending the outcome of ongoing litigation.

Three months to 31 March 2004

Turnover for the three months to 31 March 2004 was £314.7m (2003: £251.2m), earning a gross margin of £26.7m (2003: £22.0m) at 8.5% of turnover (2003: 8.8%). Sports betting turnover was £304.0m (2003: £244.3m), earning a gross margin of £16.0m (2003: £15.1m) at 5.3% (2003: 6.2%) of turnover. Casino betting and fee income contributed a further £8.9m and £1.8m respectively to both turnover and gross margin (2003: £5.5m and £1.4m).

Costs in the quarter of £19.0m (2003: £18.0m) represented 6.0% (2003: 7.2%) of turnover. Costs comprised marketing £6.2m (2003: £5.4m), commissions £3.6m (2003: £3.2m), banking fees £4.3m (2003: £3.6m), employee costs £4.9m (2003: £2.9m), other administration costs £(0.4)m (2003: £2.5m) and depreciation £0.4m (2003: £0.4m). Administration costs include an exchange gain of £2.4m and employee costs include bonuses of £1.5m (2003: £nil), of which £0.7m is non-recurring.

Operating profit for the quarter was £7.7m (2003: £4.0m), representing a margin of 2.4% (2003: 1.6%) of turnover. Profit before tax was £5.9m (2003: loss of £0.4m) after deducting exceptional costs of £nil (2003: £1.4m), goodwill amortisation of £1.9m (2003: £2.4m), share of operating profit in associates of £0.4m (2003: nil) and interest of £0.3m (2003: £0.6m). Earnings per share before amortisation of goodwill was 3.6p (2003: 2.0p).

During the quarter, the Group generated cash from operating activities of £7.8m (2003: outflow of £0.9m), of which £6.1m was used to repay debt.

REVIEW OF OPERATIONS

Sportingbet Group

In the twelve months ended 31 March 2004, the Group has made good progress in each of its operating regions.

The number of registered customers has increased by 263,887 (29.9%) to 1,146,684, all of which has arisen through organic growth. The number of sports bets placed has risen by 6.6m (30.3%) to 28.5m (2003: 21.9m), reflecting both the strength of the Group's product range and the increased loyalty of the customer base. As the number of bets has risen, the Group's operational leverage has reduced the average cost per sports bet by 16% from £3.03 to £2.54 at constant exchange rates. The increased database activity, together with the benefit of increased product, particularly poker and virtual games, has also led to substantially higher casino, gaming and fee income, with margin rising by £5.9m (20.8%) to £34.3m (2003: £28.4m).

Europe

The European region has been a key area of management focus over the past year and the Board is very pleased with the progress that has been made. The region's key performance indicators have advanced significantly and this, together with a wide-ranging increase in products offered and expansion into high margin new markets, has enabled the region to generate a record level of operating profit. The European region now has a developed business in nine European markets, with five further markets opening this spring.

In the twelve months ended 31 March 2004, the number of customers rose by 177,795 (88%) from 201,522 to 379,317. All of the growth has arisen through organic marketing activities. The number of sports bets placed increased sharply by 5.0m (124%) to 9.1m (2003: 4.1m). The average bet size within each individual European market was constant, though the average for the region as a whole fell during the year to £16 (2003: £26), reflecting the penetration into low staking markets. Turnover has risen by 66.4% to £153.6m (2003: £92.3m).

Margin performance, assisted by the sharp rise in activity levels, a wider product range and expansion into higher margin markets, has been good throughout the year. The sports gross margin percentage increased to 8.1% (2003: 6.6%). The record level of activity, together with targeted cost reduction initiatives, also lowered the average cost per sports bet to £1.95 (2003: £2.73), the lowest in the Group.

A particular area of success in the twelve months to 31 March 2004 has been the growth of the European region's casino, virtual games and poker products. Sportingbet's market-leading suite of proprietary virtual games, combined with its casino and fast growing poker room, generated a 289% rise in margin to £7.0m in the twelve months (2003: £1.8m). Sportingbet will launch a selection of these products on interactive television in the UK this summer.

America

The US region has had another good year. A solid improvement in the key performance indicators, together with a stable bank processing network in the second half of the twelve month period, has enabled the region to generate strong profitability.

In the twelve months ended 31 March 2004, the number of customers rose by 75,206 (11.6%) from 644,175 to 719,381. The number of sports bets placed increased by 0.9m (5.5%) to 17.8m (2003: 16.9m). The average sports bet size remained constant at approximately \$59. Turnover for the twelve months fell by 3.5% to £649.1m (2003: £672.7m), reflecting both the scaling up of new payment processing channels in the first half of the twelve month period and the adverse exchange rate movement. At constant exchange rates, turnover rose by 5.8% over the twelve months and by 21.4% in the second half.

The sports gross margin in the twelve months was 6.4% (2003: 6.7%). The increased activity level generated a reduction in the average cost per sports bet to £2.87 (2003: £2.92) at constant exchange. The region's casino, gaming and fee income has performed well, generating £27.3m of gross margin (2003: £26.6m). At constant exchange rates, gross margin from casino, gaming and fee income increased by £3.3m, some 12.5%.

The Board is pleased with the growth of its US facing casino and gaming business following the introduction of an enhanced product offering from World Gaming, Sportingbet's US software supplier, in the spring of 2003. Sportingbet launched its US facing horse racing business in April 2004 and this will be rolled out over all brands in the coming months. To date, the US business has not offered an internet poker room; however, a launch is planned in June 2004. With a market leading US sports betting customer database, the Board considers this to be one of the most interesting product launches in the region for some time.

The cost of supply from World Gaming, however, is out of line with lower cost options that are now available from alternative suppliers. The Board of Sportingbet is therefore reviewing its options and has made representations to the World Gaming Board.

During the twelve months to 31 March 2004, Sportingbet acquired a 29.5% equity stake in its US software supplier, World Gaming Plc, together with a convertible bond which, if converted, would equate to an effective interest of 39.4%. Following the acquisition of the shares, changes were made to the management of World Gaming along with improvements to policies and procedures. Accordingly, Sportingbet no longer regards its interest in World Gaming as a strategic shareholding and may therefore choose to reduce its shareholding from time to time.

In the results for the year ended 31 March 2003, the Board reported that there was uncertainty regarding the collection of £3.3m due from former US facing bank processing suppliers. Progress has been made in collecting these monies, however the sums still remain outstanding and the Group has now had to resort to legal proceedings to progress their recovery. To the extent that the monies have not been fully collected by the Group's financial year end on 31 July 2004 then the Board will consider making an exceptional provision for the outstanding sum in the audited accounts for the period.

Australia

The Australian sports betting market is in transition from being a primarily telephone-based betting market to one where the internet is now a strong, emerging force. The internet is both expanding the overall market size in the region and importantly, taking market share. In the twelve months to 31 March 2004, the percentage of bets taken through the internet rose to 43% (2003: 5%). The Board is pleased with this progress to date. With the exception of the gross margin percentage, all of the KPI's of the region achieved record levels in the twelve months to 31 March 2004, and the region made a solid trading profit.

In the twelve months ended 31 March 2004, the number of customers rose by 10,886 (29.3%) from 37,100 to 47,986. The number of sports bets placed increased by 0.68m (71.5%) to 1.6m (2003: 0.95m). The percentage of bets being taken from the internet increased to 43% (2003: 4%). The average sports bet size has fallen in line with the increase in lower staking internet activity to AUS\$422 (2003: AUS\$573). The 71.5% increase in activity, offset by a lower average bet size, has generated an increase in turnover of 32.4% to £282.9m (2003: £213.7m). The record activity level and particularly the introduction of the higher volume, lower cost internet betting platform has resulted in the average cost per sports bet falling significantly to £4.29 per bet (2003: £7.21), a reduction of 40.5%, at constant exchange.

The gross margin percentage in the region was below management's expectations at 2.8% (2003: 3.9%). The fast expanding internet business delivered a margin of 3.9% and is growing well. The telephone business, however, delivered a margin of 2.1%. Whilst the Board recognises that telephone margin across the industry in this region has been below the long term average this year, the Board has nevertheless initiated a review of the Group's telephone risk management policies to see if further improvements can be made.

Regulatory developments

The UK Government has continued on its path towards modernising gambling legislation and regulating online gaming for the first time. The Joint Scrutiny Committee has now published its report and recommendations on the Government's Draft Gambling Bill. The Bill recognises that remote interactive gambling is a significant opportunity for the UK to become the global base for online gaming operators, and seeks to provide an appropriate regulatory framework to achieve this.

Sportingbet is supportive of the regulation of remote gambling and the principles that businesses can properly control and accept bets from clients located offshore. Sportingbet has expressed some concern, however, that the present proposal to allow all jurisdictions to advertise freely into the UK may, to the extent that such jurisdictions offer lower gaming tax rates than the UK, encourage operators to move offshore. Sportingbet, therefore, awaits with interest the further clarity needed on the proposed taxation regime in the UK. Although the timing of the Bill has not been confirmed, there is a possibility that the legislation may be introduced and receive Royal Assent in the current Parliament.

Elsewhere in Europe, the European Court of Justice's verdict in the Gambelli case has had differing effects. Some countries such as Germany have interpreted this ruling as defining legislation which opens up EU markets to suppliers in other member countries. However other countries, such as Denmark and Holland, do not agree. The European Commission has decided to investigate Danish restrictions on sports betting. It has sent Denmark an official request for information on its legislation, and the Commission intends to verify the compatibility of the Danish legislation with the provisions of the EC Treaty on the free movement of services and on the freedom of establishment.

In light of the above and other contradicting views between Member States, the European Commission plans to review the need for a new set of laws to govern remote gambling services across all of its Member States by at least 2010. The process will begin with a twelve to eighteen month study of gambling in all of the Member States.

In the USA, Representative Bachus passed a Bill through the House of Representatives in June 2003 that would outlaw the use of various financial instruments used for the purposes of interactive gambling and attempted to hold financial institutions legally responsible for gaming transactions. The necessary companion Bill in the Senate has been unable to make progress, as the Senate leadership has requested that there be initial consensus from all interested parties, which has not thus far been possible.

Recently there has been a series of more positive developments in the US. In February 2004, Washington State passed a Bill designed to allow horse racing bets to be legally taken over the internet. California has previously done the same. In March 2004, the World Trade Organisation initially ruled in favour of Antigua and against the USA in their trade dispute with regard to internet gambling. The dispute, which was supported by the EU, Japan and Canada, sought to make the USA accountable for those commitments in the General Agreement on Trade and Services (GATS) that it had already agreed to, specifically relating to the opening of its borders to non-domestic gambling supply. Sportingbet awaits the full report on this initial ruling in May 2004, together with the USA's reaction, with considerable interest.

It has been a quiet year for developments in Australian interactive gambling legislation. The start of the review of the federal Interactive Gambling Act 2003 was delayed and the final report is still not released, although it is generally expected that there will be little, if any, change. As part of the general review, the Australian Racing Board has introduced a proposal to charge a product fee. Such a levy, if enacted, would be charged to all corporate bookmakers for the use of the "horse racing product". Sportingbet believes that such a levy, if introduced, would in fact be counterproductive. A number of operators would simply relocate offshore, thereby avoiding paying the product fee and existing taxes. At the same time they would be able to offer games of chance (such as casino, poker and virtual games) for which no onshore licences are presently available.

Management structure

The formal review of the composition of the non-executive directors on the Board has now been completed and reflects the forthcoming needs of the Group. As a result of the review, in March 2004 Mr Robert Holt joined the Board as a Non-Executive Director. Mr Holt brings to the Board a wide breadth of business and commercial experience, which the Board believes will be of benefit to the Company. Amongst other directorships, Mr Holt is the Chairman and Chief Executive of Mears Group plc, a company presented last year with the AIM Company of the Year award.

Simultaneous with Mr Holt's appointment, Mr John William Blower tendered his resignation as a Non-Executive Director of the Company. Mr Blower has been a Non-Executive Director of the Board since the Company's shares became quoted on the OFEX trading market.

Distributable reserves

Sportingbet has accumulated a deficit on its distributable reserves. Accordingly, the Board is reviewing the options for eliminating this deficit, including a reduction of capital using the Company's share premium account, with a view to providing the Company with the flexibility to pay dividends or buy back its own shares at an appropriate point in the future. The Board will make appropriate proposals to shareholders in due course.

Outlook

During the first twelve months of the current sixteen-month financial year, Sportingbet has made good progress in the development of its business, and the Group's key performance indicators have progressed well.

After the first four weeks of the final four months to 31 July 2004, organic growth and trading volumes are growing at a strong pace and the Group is performing in line with management's expectations.

Sportingbet will report its audited results for the 16 months to 31 July 2004 in October 2004.

Sportingbet Plc
Unaudited Consolidated Profit and Loss Account
12 months ended 31 March 2004

	Notes	3 months 31 Mar 2004 £m	Restated 3 months 31 Mar 2003 £m	Restated 12 months 31 Mar 2004 £m	Restated 12 months 31 Mar 2003 £m
TURNOVER	2	314.7	251.2	1,085.6	978.7
Cost of sales		(288.0)	(229.2)	(994.5)	(895.5)
GROSS PROFIT		26.7	22.0	91.1	83.2
Gross profit %		8.5%	8.8%	8.4%	8.5%
Exceptional costs		-	(1.4)	(1.8)	(1.4)
Goodwill amortisation		(1.9)	(2.4)	(7.1)	(9.6)
Other administration expenses		(19.0)	(18.0)	(71.5)	(68.6)
Total administration expenses		(20.9)	(21.8)	(80.4)	(79.6)
Group operating profit before exceptional costs and goodwill amortisation		7.7	4.0	19.6	14.6
Exceptional costs		-	(1.4)	(1.8)	(1.4)
Goodwill amortisation		(1.9)	(2.4)	(7.1)	(9.6)
GROUP OPERATING PROFIT		5.8	0.2	10.7	3.6
Share of operating profit in associate		0.4	-	0.2	-
PROFIT BEFORE INTEREST		6.2	0.2	10.9	3.6
Finance costs	4	(0.3)	(0.6)	(1.7)	(2.2)
PROFIT/(LOSS) BEFORE TAXATION		5.9	(0.4)	9.2	1.4
Taxation		(0.1)	0.1	(0.4)	-
PROFIT/(LOSS) AFTER TAXATION		5.8	(0.3)	8.8	1.4
Minority interest		-	-	(0.1)	-
PROFIT/(LOSS) FOR THE FINANCIAL PERIOD	7	5.8	(0.3)	8.7	1.4
EARNINGS PER ORDINARY SHARE	8	2.7p	(0.2)p	4.4p	0.8p
ADJUSTED EPS (PRE EXCEPTIONALS AND GOODWILL)		3.6p	2.0p	8.9p	7.1p

Sportingbet Plc
Unaudited Consolidated Balance Sheet
As at 31 March 2004

	31 March 2004 £m	31 March 2003 £m
FIXED ASSETS		
Intangible fixed assets – goodwill	126.7	125.1
Investments in associated companies	2.4	-
Tangible assets	5.1	4.3
	<hr/> 134.2	<hr/> 129.4
CURRENT ASSETS		
Debtors	10.2	9.8
Cash at bank and in hand	23.5	20.1
TOTAL CURRENT ASSETS	<hr/> 33.7	<hr/> 29.9
CREDITORS:		
Amounts falling due within one year	26.4	18.5
Bank loans and overdrafts	17.3	-
Loan notes	17.5	-
Convertible loan notes	-	15.3
	<hr/> 27.5	<hr/> 3.9
NET CURRENT LIABILITIES		
	<hr/> 27.5	<hr/> 3.9
TOTAL ASSETS LESS CURRENT LIABILITIES	106.7	125.5
CREDITORS:		
Amounts falling due after more than one year	0.2	0.1
Provisions for liabilities and charges	1.9	37.0
Convertible loan notes	-	-
	<hr/> -	<hr/> -
NET ASSETS	<hr/> 104.6	<hr/> 88.4
CAPITAL AND RESERVES		
Called up share capital	0.2	0.2
Shares to be issued	28.1	29.5
Share premium	51.2	48.6
Other reserves	21.3	13.8
Profit and loss account	3.8	(3.7)
	<hr/> 3.8	<hr/> (3.7)
SHAREHOLDERS' FUNDS – EQUITY	104.6	88.4
Minority Interests	-	-
	<hr/> -	<hr/> -
	<hr/> 104.6	<hr/> 88.4

Sportingbet Plc
Unaudited Consolidated Cash Flow statement
Twelve months to 31 March 2004

	3 months ended 31 Mar 2004 £m	3 months ended 31 Mar 2003 £m	12 months ended 31 Mar 2004 £m	12 months ended 31 Mar 2003 £m
Cash inflow in respect of EBITDA	8.2	3.0	19.3	14.7
Net working capital movement	(0.4)	(3.9)	2.5	(5.4)
Net cash inflow/(outflow) from operating activities	7.8	(0.9)	21.8	9.3
Returns on investment and servicing of finance	(0.4)	(0.2)	(1.0)	(0.6)
Capital expenditure	(0.6)	(1.6)	(2.2)	(1.9)
Acquisitions / redemption of loan notes	(4.1)	(0.3)	(23.3)	(8.0)
CASH INFLOW/(OUTFLOW) BEFORE USE OF LIQUID RESOURCES AND BEFORE FINANCING	2.7	(3.0)	(4.7)	(1.2)
Management of liquid resources	0.9	(3.9)	(5.4)	(6.0)
Financing	(2.1)	(0.1)	(2.1)	(0.1)
INCREASE/ (DECREASE) IN CASH IN THE PERIOD	1.5	(7.0)	(12.2)	(7.3)
RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET FUNDS				
Increase/ (Decrease) in cash in the period	1.5	(7.0)	(12.2)	(7.3)
Cash (inflow)/outflow from increase in liquid resources	(0.9)	3.9	5.4	6.0
Cash outflow from decrease in debt	2.3	-	2.3	3.5
MOVEMENT IN NET FUNDS RESULTING FROM CASH FLOWS IN PERIOD	2.9	(3.1)	(4.5)	2.2
Loan notes issued to fund acquisition	-	(0.5)	-	(2.5)
Other movements	(0.4)	0.3	5.9	0.3
Movement in net funds in period	2.5	(3.3)	1.4	-
Net funds at start of period	3.3	7.7	4.4	4.4
NET FUNDS AT END OF PERIOD	5.8	4.4	5.8	4.4

Sportingbet Plc
Notes
Twelve months to 31 March 2004

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

	3 months to 31 Mar 2004	3 months to 31 Mar 2003	12 months to 31 Mar 2004	12 months to 31 Mar 2003
	£m	£m	£m	£m
Profit for financial period	5.8	(0.3)	8.7	1.4
Exchange translation differences on consolidation	(0.6)	0.1	(1.2)	0.1
Total recognised gains for the financial period	5.2	(0.2)	7.5	1.5

2. **Analysis of turnover:**

	3 months to 31 Mar 2004	Restated 3 months to 31 Mar 2003	Restated 12 months to 31 Mar 2004	Restated 12 months to 31 Mar 2003
	£m	£m	£m	£m
a) Analysis of revenue by activity				
Sports betting	304.0	244.3	1,051.3	950.3
Casino betting	8.9	5.5	28.5	22.9
Fee income	1.8	1.4	5.8	5.5
	314.7	251.2	1,085.6	978.7
b) Analysis of revenue by region				
AMER	189.5	166.7	649.1	672.7
EMEA	42.6	33.6	153.6	92.3
AA	82.6	50.9	282.9	213.7
	314.7	251.2	1,085.6	978.7

3. **Impact of accounting changes:**

As reported in Quarter 2, Sportingbet acquired ownership of certain casino sites and adopted the generally accepted policy of showing net win on casino activities as turnover, whereas previously turnover was reported as gross bets placed. This change reduces Group turnover and white label fee income. Both gross margin percentage and casino income revenue will be increased. Income previously allocated to marketing costs is now included in turnover. All comparatives and year to date numbers have been restated accordingly.

Set out below are the relevant captions that have been impacted by the changes in accounting as if these changes had not occurred. There is no impact on operating profit.

	3 months to 31 Mar 2004	3 months to 31 Mar 2003	12 months to 31 Mar 2004	12 months to 31 Mar 2003
	£m	£m	£m	£m
Turnover	398.4	301.5	1,394.6	1,150.3
Gross profit	23.4	20.0	81.0	74.1
Administration expenses	(15.7)	(16.0)	(61.4)	(59.5)
Operating profit before exceptional costs and goodwill amortisation	7.7	4.0	19.6	14.6

4.	Finance Costs:				
		3 months to 31 Mar 2004	3 months to 31 Mar 2003	12 months to 31 Mar 2004	12 months to 31 Mar 2003
	Interest receivable	-	-	-	0.1
	Interest payable	(0.3)	(0.2)	(1.1)	(0.8)
		(0.3)	(0.2)	(1.1)	(0.7)
	Deferred consideration discount	-	(0.4)	(0.6)	(1.5)
	Total finance costs	(0.3)	(0.6)	(1.7)	(2.2)

5. As announced at the half year results on 23 October 2003, the Groups year end has been changed from 31 March to 31 July in order to provide a better balance to its reporting cycle.

6. These results have been prepared on the basis of the accounting policies set out in the Group's 2003 statutory accounts with the exception of the treatment of casino turnover as set out in Note 3 of this statement. These results do not constitute statutory financial statements within the meaning of section 240 of the Companies Act 1985.

7. All amounts on the profit and loss account relate to continuing activities.

8. The basic earnings per share for the quarter is based on the profit on ordinary activities after taxation of £5.8m (2003: loss of £0.3m), and on the weighted average number of shares in issue of 207,914,180 (2003:174,649,840).

The basic earnings per share for the twelve months is based on the profit on ordinary activities after taxation of £8.7m (2003: £1.4m), and on the weighted average number of shares in issue of 198,829,977 (2003:174,649,840).