Sportingbet Plc

Unaudited results for the second quarter ended 31 January 2008

Sportingbet Plc, a leading online sports betting and gaming group, announces its results for the second quarter ended 31 January 2008.

Financial Highlights

- Amounts wagered up 29.5% to £364.7m (2007: £281.6m)
- Group operating profit* up 275% to £7.5m (2007: £2.0m) in the quarter - £11.7m year to date (2007: £4.0m)
- Operating profit* at 18.2% of net gaming revenue (2007: 5.8%) versus stated target of 13%
- Cash on the balance sheet, net of customer liabilities, of £32.0m (2007: £35.5m)
- Statutory Group operating profit of £3.6m (2007: loss of £0.1m)
- Diluted earnings per share* of 1.4p (2007: 0.5p)

(* stated before charging exceptional items, fair value restatements and amortisation)

Business Highlights

- Strong growth in net gaming revenue across the portfolio
    - Sports up 29.6% year on year
    - Casino up 29.1% year on year
    - Poker up 34.1% quarter on quarter
- Growth delivered through both incremental betting volumes (amounts wagered on sports in Europe up 35.3% year on year) and yields per player
- Restructuring benefits demonstrated by significantly enhanced operating profit margins
- Acquisition of Bulgarian marketing partner for an initial consideration of £4.0m and deferred consideration of up to £7.2m
- Management team strengthened – all key positions now filled

Commenting on the results, Andrew McIver, Chief Executive, said:

"We are pleased with the performance and continued development of the business in the second quarter of this financial year. With six months of the year completed we have achieved an operating profit of £11.7m versus £4.0m last year. This has not been achieved by especially favourable outcomes to sports events – the margin percentage is actually slightly lower than last year – but rather from strong growth in turnover from our core sports offering and careful cost control.

Whilst these results are ahead of where we expected to be at this stage, with a fourth quarter dominated by one major event this year, Euro 2008, we are happy to bank the strong performance in these results against the second half and remain confident for the full year's out-turn."

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There is a presentation for analysts and investors today at 11.00 at the offices of Sportingbet Plc, 45 Moorfields, London EC2Y 9AE. In addition, there will be a live audio webcast available at www.sportingbetplc.com. Registration will be made available 10 minutes prior to the presentation start time.

FINANCIAL RESULTS

Highlights and commentary on the results for the six months to 31 January 2008 are included at the end of this announcement.

Second quarter ended 31 January 2008

Amounts wagered (previously disclosed as turnover) for the second quarter ended 31 January 2008 were £364.7m (2007: £281.6m), earning net gaming revenue (previously disclosed as gross profit) of £41.2m (2007: £34.4m) at 11.3% of amounts wagered (2007: 12.2%).

Amounts wagered on sports betting in Europe grew by 35.3% to £212.4m (2007: £157.0m), earning net gaming revenue of £20.5m (2007: £16.9m). Casino and gaming, and poker contributed a further £9.9m and £6.1m respectively to both amounts wagered and net gaming revenue (2007: £7.7m and £7.2m). Amounts wagered on Australian sports betting grew by 24.2% to £136.3m (2007: £109.7m), earning net gaming revenue of £4.7m (2007: £2.6m).

Amounts wagered and net gaming revenue for the three months are stated after a deduction for customer bonuses of £3.8m (2007: £1.5m). The European and Australian sports net gaming revenue % as reported was 9.7% and 3.4% respectively (2007: 10.8% and 2.3%). Without the bonus deduction the equivalent numbers would have been 10.5% and 3.6% (2007: 11.1% and 2.4%). The increase in European customer bonuses reflects, in part, the bringing in-house of certain marketing partners together with an increased focus on customer retention and driving customer yields.

As per quarter one, prior period casino net gaming revenue has been reduced by £0.3m reflecting progressive casino jackpot contributions which have been reclassified from marketing expense to be set against casino net gaming revenue. The above adjustment has no effect on the Q2 comparative operating profit.

Costs (excluding exceptional items, fair value adjustment and amortisation) in the three months were £33.7m (2007: £32.4m), accounting for 81.8% of net gaming revenue (2007: 94.2%).

Operating profit (before exceptional items, fair value adjustment and amortisation) for the three months was £7.5m (2007 restated: £2.0m). Exceptional charges, amounting to £1.0m (2007: £nil), were incurred during the three months relating to final payments under the previously announced reorganisation projects.

Operating profit after charging exceptional items of £1.0m (2007: £nil), fair value restatement of £1.8m (2007: £2.1m), which comprises the share option charge, and amortisation of £1.1m (2007: £nil) was £3.6m (2007: loss of £0.1m).

As at 31 January 2008, the Group had £47.6m (2007: £49.7m) of cash and liquid resources on its balance sheet, of which £15.6m (2007: £14.2m) related to customer liabilities. Gross financial liabilities amounted to £5.3m (2007: £nil) which comprised bank loans secured on residential properties in the Channel Islands.

REVIEW OF OPERATIONS

Sportingbet Group

The Group performed particularly well in the second quarter with substantial growth seen across all products and in both reporting regions. Growth was driven by increased volume of both players and bet numbers leading to a significant increase in the amounts wagered, particularly on sports. A number of product initiatives within our sportsbook offering have been implemented during the period aimed at providing customers with a broader product offering and increasing the speed and efficiency of customer bet settlement. These initiatives and further planned infrastructure developments are aimed at keeping our sports betting product at the forefront of the industry.

Casino and Games have shown strong growth over both the prior year and previous quarter. This is a result of the work that has been done to upgrade these products including the introduction of superior slot based products. Quarter on quarter, poker has also shown improvement. As we move through the second half we will focus our marketing spend on our core sports betting products ahead of the major Euro 2008 Championship.

With the majority of the Group's restructuring completed we are now in a position to increase our focus on our customers, both existing and prospective. To this end, we have, during the quarter, recruited a new director of marketing and a new director of sales. These senior management appointments will lead a renewed marketing initiative to both leverage our existing customer base whilst seeking the selective acquisition of new profitable players.

Europe

The number of customers who bet on the region's sports betting websites in the quarter rose by 9.0% to 222,036 (2007: 203,653).

The number of sports bets placed by these customers increased by 18.8% to 15.7m (2007: 13.3m) at a rate of 71 bets per active customer per quarter (2007: 65 bets), and the average sports bet size was £13.63 (2007: £11.90). The sports margin percentage after betting tax was 10.5% (2007: 11.1%).

In aggregate, yield per sports active customer increased by 18.4% from £85.85 to £101.61 as a result of both increased frequency of bets and a marginally higher bet size. This reflects the impact of better customer marketing techniques driving increased activity and better customer retention.

The number of bets placed on the Group's casino website rose by 39.1% to 52.7m (2007: 37.9m) at an average bet size of £4.33 (2007: £4.74). The casino margin percentage was 3.5% (2007: 3.3%). The change in these dynamics reflects the continued change in product mix within the portfolio over the last year, towards higher margin slot machine play over and above table games such as blackjack and roulette. This change in mix reflects our improvement of the Group's slot type product offering.

During the quarter the European region generated, pre bonus deductions, £6.8m of poker rake (2007: £7.6m), down 10.6% year on year.

Australia

Australia made a significant contribution to the Group's performance in the quarter with both strong volumes and a higher than average sports margin percentage. This result was particularly pleasing in light of the continued restrictions on horse racing in both Queensland and New South Wales through a good portion of the quarter, as a result of the Equine Influenza outbreak.

The Australian business comprises two distinct components: the historic credit, telephone-based business, and a cash-in-advance internet-based business that the Group has been building over recent years. Typically, internet customers are more frequent bettors and generate a higher margin, but have a much lower average stake size. During the quarter, the proportion of bets taken over the internet rose to 87% (2007: 81%), generating 41.1% (2007: 40.5%) of net gaming revenue.

Overall the number of Australian customers increased by 45.9% from 12,370 to 18,050. Margin for the region, after betting taxes, was 3.6% (2007: 2.4%), amounting to gross gaming revenue of £4.9m (2007: £2.7m).

Within the internet business, the number of bets increased by 50.9% with an average bet size of AUS $38 (2007: AUS $39) and a margin of 5.5% (2007: 4.7%). Within the telephone business, the number of bets increased by 1.1% with an average bet size of AUS $662 (2007: AUS $635) and a margin of 2.7% (2007: 1.9%).

Business Development

Over the past year the Group has significantly reduced its reliance on marketing partners through the bringing in-house or the purchase of operations in Scandanavia, Italy and Turkey.

In line with this strategy, Sportingbet today announces that it has agreed to acquire the business and assets of Belmond International Limited, the Group's Bulgarian marketing partner, for an initial consideration of £4.0m and deferred consideration of up to £7.2m. The initial consideration will be payable in cash on completion, whilst the deferred consideration is wholly dependent on the performance of the Bulgarian business over the next 18 months and is payable 50:50 in cash and shares. The maximum number of shares to be issued under the deferred consideration will be 14,845,361. The issued share capital at the date of this announcement is 464,768,970 ordinary shares. The fully diluted share capital, including the full earn-out in relation to the Bulgarian transaction is 535,848,921 ordinary shares.

The Bulgarian marketing partner has operated in partnership with Sportingbet since August 2004. During this time, the Group's Bulgarian business has grown to become the Group's sixth biggest domain. During the year ended 31 December 2007, the assets being acquired generated a profit for the partner of £1.2m and are being acquired on a working capital neutral basis. The Group intends to invest heavily in this market prior to Euro 2008 and thereafter expects the acquisition to be enhancing to earnings in the 2008-09 financial year.

Spain, Greece and certain Eastern European states remain under the marketing partner model. Where the opportunity arises to take further control of these markets on acceptable terms, the Group will continue to do so.

MANAGEMENT

During the period key appointments were made to fill the remaining vacant Board positions. Peter Dicks returned to the Board as Non-Executive Chairman, having previously held the position from January 2000 to 14 September 2006. In addition, Jim Wilkinson joined the board as Group Finance Director having previously been Group Finance Director of Johnson Service Group plc from 2004 until 2007.

REGULATORY DEVELOPMENTS

There have been no substantive changes in the regulatory environment during the quarter.

As previously stated, there is still no global consensus as to which countries' laws apply where in the internet space, and in particular whether they can extend beyond their own national borders. Additionally, within Europe, companies in the online gaming sector may face action from individual EU Member States despite the fact that legislation of such Member States may contravene EU principles and/or the Member State itself may be subject to an EU Commission initiated online gambling infringement proceeding.

Consequently, the Group's services continue to be provided only from jurisdictions that are licensed and regulated and as such explicitly legal. To facilitate this, the Group is licensed in the UK, Alderney, Italy, Antigua and Australia.

TRADING OUTLOOK

The Board is pleased with the performance of the Group for the first six months of this financial year, generating operating profit of £11.7m. This performance has been driven by strong fundamentals of higher betting volumes and turnover.

The third quarter has started well. This continued solid performance coupled with the strong first half profitability gives the Board continued confidence in the financial outcome for this financial year and beyond.

Sportingbet Plc
Unaudited Consolidated Interim Income Statement
Six months ended 31 January 2008

	Notes	**3 months to 31 January 2008 £m**	3 months to 31 January 2007 £m	**6 months to 31 January 2008 £m**	6 months to 31 January 2007 £m
Amounts wagered		**364.7**	281.6	**655.6**	542.3
Net gaming revenue	2, 3	**41.2**	34.4	**71.6**	66.9
Administrative expenses excluding exceptional items, fair value restatements and amortisation		**(33.7)**	(32.4)	**(59.9)**	(62.9)
Group operating profit before exceptional items, fair value restatements and amortisation		**7.5**	2.0	**11.7**	4.0
Other administrative expenses:					
• Exceptional items	4	**(1.0)**	-	**(3.9)**	(12.6)
• Fair value restatements		**(1.8)**	(2.1)	**(3.6)**	(2.7)
• Amortisation		**(1.1)**	-	**(2.2)**	-
Total administrative expenses		**(37.6)**	(34.5)	**(69.6)**	(78.2)
Group operating profit/(loss)	3	**3.6**	(0.1)	**2.0**	(11.3)
Finance income		**0.1**	0.2	**0.4**	0.3
Finance costs		**(0.1)**	-	**(0.2)**	(0.4)
Profit/(loss) before taxation		**3.6**	0.1	**2.2**	(11.4)
Taxation		**(0.7)**	(0.1)	**(1.0)**	(0.6)
Profit/(loss) for the period		**2.9**	-	**1.2**	(12.0)
Loss for the period from discontinued operations		**-**	-	**-**	(228.9)
Group profit/(loss) for the period		**2.9**	-	**1.2**	(240.9)
Loss attributable to minority interest		**-**	(0.2)	**-**	(0.4)
Profit/(loss) attributable to the equity holders of the parent		**2.9**	0.2	**1.2**	(240.5)
Earnings/(loss) per ordinary share – continuing operations	6				
Basic		**0.6p**	0.1p	**0.3p**	(2.7)p
Diluted		**0.6p**	0.1p	**0.2p**	(2.7)p
Earnings/(loss) per ordinary share – continuing and discontinued operations	6				
Basic		**0.6p**	0.1p	**0.3p**	(56.4)p
Diluted		**0.6p**	0.1p	**0.2p**	(56.4)p

Sportingbet Plc
Unaudited Consolidated Balance Sheet
As at 31 January 2008

	31 January 2008 £m	31 January 2007 £m
Non-current assets		
Goodwill	**47.0**	81.2
Other intangible assets	**7.2**	8.0
Property, plant and equipment	**9.2**	5.9
Investment property	**8.1**	-
	71.5	95.1
Current assets		
Trade and other receivables	**7.7**	14.7
Cash and cash equivalents	**47.6**	49.7
	55.3	64.4
Non-current assets held for sale	**-**	2.6
Current liabilities		
Interest bearing loans and borrowings	**(5.3)**	-
Deferred consideration	**-**	(2.1)
Other payables	**(38.7)**	(40.6)
	(44.0)	(42.7)
Net current assets	**11.3**	24.3
Non-current liabilities		
Provisions	**(0.7)**	(0.6)
Deferred consideration	**(0.1)**	(3.2)
	(0.8)	(3.8)
Net assets	**82.0**	115.6
Equity		
Issued share capital	**0.4**	0.4
Shares to be issued	**7.6**	0.7
Share premium	**52.7**	42.7
Other reserves	**0.3**	0.3
Retained earnings	**21.3**	72.0
Equity attributable to equity holders of the parent	**82.3**	116.1
Minority interest	**(0.3)**	(0.5)
Total equity	**82.0**	115.6

Sportingbet Plc
Unaudited Consolidated Cash Flow Statement
Six months ended 31 January 2008

	3 months to 31 January 2008 £m	3 months to 31 January 2007 £m	**6 months to 31 January 2008 £m**	6 months to 31 January 2007 £m
Group profit/(loss) for the period	**2.9**	-	**1.2**	(240.8)
Depreciation	**1.7**	1.7	**3.1**	3.5
Amortisation	**1.1**	-	**2.2**	-
Impairment of goodwill	**-**	-	**-**	136.3
Loss on disposal of business	**-**	-	**-**	106.3
Write-off of property, plant and equipment	**-**	-	**-**	0.8
Fair value restatements	**1.8**	2.1	**3.6**	2.2
Finance income	**-**	(0.2)	**(0.2)**	(1.0)
Taxation	**0.7**	0.1	**1.0**	0.5
Operating cash flows before movements in working capital	**8.2**	3.7	**10.9**	7.8
Decrease in receivables	**0.4**	5.6	**1.6**	1.1
Increase/(decrease) in payables	**3.8**	(6.8)	**5.5**	0.2
Unrealised translation differences	**0.1**	(0.8)	**0.1**	(1.9)
Cash generated by operations	**12.5**	1.7	**18.1**	7.2
Income tax paid	**(1.3)**	(1.3)	**(1.3)**	(1.4)
Net cash from operating activities	**11.2**	0.4	**16.8**	5.8
Purchases of property, plant and equipment	**(2.1)**	(2.9)	**(6.4)**	(7.9)
Disposals	**-**	(17.6)	**-**	(35.2)
Interest received	**-**	0.2	**0.2**	0.6
Cash used in investing activities	**(2.1)**	(20.3)	**(6.2)**	(42.5)
Repayment of borrowings	**-**	-	**-**	(10.8)
Net cash used in financing activities	**-**	-	**-**	(10.8)
Net increase/(decrease) in cash and cash equivalents in the period	**9.1**	(19.9)	**10.6**	(47.5)
Cash and cash equivalents at beginning of period	**38.5**	69.6	**37.0**	97.2
Cash and cash equivalents at end of period	**47.6**	49.7	**47.6**	49.7

Sportingbet Plc
Unaudited Consolidated Statement of Recognised Income and Expense
Six months ended 31 January 2008

	3 months to 31 January 2008 £m	3 months to 31 January 2007 £m	**6 months to 31 January 2008 £m**	6 months to 31 January 2007 £m
Exchange differences on translation of foreign operations	**0.1**	(2.0)	**0.2**	(4.4)
Net income/(charge) recognised directly in equity	**0.1**	(2.0)	**0.2**	(4.4)
Profit/(loss) for financial period	**2.9**	-	**1.2**	(240.9)
Total recognised income and expense for the period	**3.0**	(2.0)	**1.4**	(245.3)
Attributable to:				
Equity holders of the parent	**3.0**	(2.2)	**1.4**	(245.7)
Minority interests	**-**	0.2	**-**	0.4
	3.0	(2.0)	**1.4**	(245.3)

Sportingbet Plc
Unaudited Notes
Six months ended 31 January 2008

1. Accounting policies

Basis of preparation
The financial information provided is for the three months ended 31 January 2008, the second quarter of the Group's financial year ending 31 July 2008, and the six months ended 31 January 2008.

The financial information has been prepared in accordance with the accounting policies set out in the Group's RNS for the three months ended 31 October 2007 which are based on the recognition and measurement principles of IFRS in issue as adopted by the European Union (EU) and are effective at 31 July 2008 or are expected to be adopted and effective at 31 July 2008, our first annual reporting date at which we are required to use IFRS as adopted by the EU. The Group has chosen not to adopt IAS 34 in the preparation of this financial information in accordance with the AIM rules. The accounting policies have been applied consistently throughout the Group for the purposes of preparation of this financial information.

The Group's statutory financial statements for the year ended 31 July 2007, prepared under UK GAAP, have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under Section 237(2) of the Companies Act 1985.

2. Net gaming revenue

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

	3 months to 31 January 2008 £m	3 months to 31 January 2007 £m	**6 months to 31 January 2008 £m**	6 months to 31 January 2007 £m
Gaming revenue	**45.0**	35.9	**78.9**	70.1
Promotional bonuses	**(3.8)**	(1.5)	**(7.3)**	(3.2)
	41.2	34.4	**71.6**	66.9

Sportingbet Plc
Unaudited Notes (Continued)
Six months ended 31 January 2008

3. Primary and secondary segmental information

Net gaming revenue:

		3 months to 31 January 2008 £m	3 months to 31 January 2007 £m	**6 months to 31 January 2008 £m**	6 months to 31 January 2007 £m
a)	Analysis by geography				
	Spain	**7.2**	7.2	**13.2**	13.6
	Turkey	**10.6**	6.0	**16.6**	11.0
	Rest of Europe	**18.0**	18.6	**32.4**	35.8
	Total Europe	**35.8**	31.8	**62.2**	60.4
	Australia	**4.7**	2.6	**8.2**	6.5
	Americas	**0.7**	-	**1.2**	-
		41.2	34.4	**71.6**	66.9
b)	Analysis by activity				
	Sports betting	**25.2**	19.5	**43.7**	36.0
	Casino and gaming	**9.9**	7.7	**17.2**	14.8
	Poker rake	**6.1**	7.2	**10.7**	16.1
		41.2	34.4	**71.6**	66.9

Note that in the "Financial Results" and "Review of Operations" sections of this announcement, the Americas region (operations serving customers in North America (including Canada) as well as South America) is included within Europe. No figures for the Americas region are available for the comparative period.

Operating profit before exceptional items, fair value restatements and amortisation:

		3 months to 31 January 2008 £m	3 months to 31 January 2007 £m	**6 months to 31 January 2008 £m**	6 months to 31 January 2007 £m
a)	Analysis by geography				
	Spain	**3.3**	3.2	**6.1**	5.7
	Turkey	**9.7**	2.5	**15.0**	4.7
	Rest of Europe	**9.4**	7.3	**16.5**	13.7
	Operating and central costs	**(11.8)**	(9.8)	**(20.9)**	(17.4)
	Total Europe	**10.6**	3.2	**16.7**	6.7
	Australia	**2.2**	0.2	**3.2**	2.2
	Americas	**(0.2)**	-	**(0.2)**	-
	Unallocated central cost	**(5.1)**	(1.4)	**(8.0)**	(4.9)
		7.5	2.0	**11.7**	4.0

Sportingbet Plc
Unaudited Notes (Continued)
Six months ended 31 January 2008

3. Analysis of revenue and operating profit (continued)

Operating profit:

		3 months to 31 January 2008 £m	3 months to 31 January 2007 £m	**6 months to 31 January 2008 £m**	6 months to 31 January 2007 £m
a)	Analysis by geography				
	Spain	**3.3**	3.1	**6.2**	5.6
	Turkey	**9.7**	2.4	**15.0**	4.6
	Rest of Europe	**9.4**	7.4	**16.5**	13.8
	Operating and central costs	**(14.9)**	(10.5)	**(28.3)**	(19.4)
	Total Europe	**7.5**	2.4	**9.4**	4.6
	Australia	**1.8**	(0.1)	**2.6**	1.5
	Americas	**(0.2)**	-	**(0.2)**	-
	Unallocated central cost	**(5.5)**	(2.4)	**(9.8)**	(17.4)
		3.6	(0.1)	**2.0**	(11.3)

4. Exceptional items

The following exceptional costs were incurred during the period:

	Notes	**3 months to 31 January 2008 £m**	3 months to 31 January 2007 £m	**6 months to 31 January 2008 £m**	6 months to 31 January 2007 £m
Reorganisation costs relating to UIGEA	(a)	**(0.5)**	-	**(0.3)**	12.6
Transfer of licensable activities to the Channel Islands	(b)	**1.5**	-	**4.2**	-
		1.0	-	**3.9**	12.6

a) The impact of the passing of the UIGEA and the subsequent decision to close the US-facing part of Paradise Poker and dispose of the remaining US-facing operations resulted in a number of reorganisation costs. Included in the reorganisation costs in the quarter was the release of a £0.7m redundancy accrual that was no longer required.

b) Costs relating to the transfer of the licensable activities to Alderney and Guernsey include redundancy, recruitment, training, temporary accommodation and other related costs.

5. Fair value restatements

	3 months to 31 January 2008 £m	3 months to 31 January 2007 £m	**6 months to 31 January 2008 £m**	6 months to 31 January 2007 £m
Share option charge	**1.8**	2.1	**3.6**	2.7
	1.8	2.1	**3.6**	2.7

6. Earnings per share

	3 months to 31 January 2008	3 months to 31 January 2007	**6 months to 31 January 2008**	6 months to 31 January 2007
For continuing and discontinued operations:				
Earnings/(loss) per ordinary share				
Basic	**0.6p**	0.1p	**0.3p**	(56.4)p
Diluted	**0.6p**	0.1p	**0.2p**	(56.4)p
For continuing operations:				
Earnings/(loss) per ordinary share				
Basic	**0.6p**	0.1p	**0.3p**	(2.7)p
Diluted	**0.6p**	0.1p	**0.2p**	(2.7)p
For discontinued operations:				
Loss per ordinary share				
Basic	**-**	-	**-**	(53.7)p
Diluted	**-**	-	**-**	(53.7)p
For continuing and discontinued operations:				
Adjusted earnings per ordinary share (before exceptional items, fair value restatements and amortisation)				
Basic	**1.5p**	0.6p	**2.5p**	4.2p
Diluted	**1.4p**	0.5p	**2.2p**	3.9p
For continuing operations:				
Adjusted earnings per ordinary share (before exceptional items, fair value restatements and amortisation)				
Basic	**1.5p**	0.5p	**2.5p**	0.9p
Diluted	**1.4p**	0.5p	**2.2p**	0.8p
For discontinued operations:				
Adjusted earnings per ordinary share (before exceptional items, fair value restatements and amortisation)				
Basic	**-**	-	**-**	3.3p
Diluted	**-**	-	**-**	3.1p

The calculation of basic earnings per share for the three months is based on the profit on ordinary activities after taxation and minority interests attributable to shareholders of Sportingbet Plc of £2.9m (2007: £0.2m) and the weighted average number of shares in issue during the period of 448,530,291 (2007: 431,750,322).

Due to the size of non-cash items the Group has adjusted its earnings per ordinary share to exclude exceptional items, fair value restatements and amortisation. Adjusted earnings per ordinary share excludes exceptional items of £1.0m (2007: £nil), fair value restatements of £1.8m (2007: £2.1m) and amortisation of £1.1m (2007: £nil).

The calculation of basic earnings per share for the six months is based on the profit/(loss) on ordinary activities after taxation and minority interests attributable to shareholders of Sportingbet Plc of £1.2m (2007: loss of £240.5m) and the weighted average number of shares in issue during the period of 441,131,214 (2007: 426,618,583).

Sportingbet Plc
Unaudited Notes (Continued)
Six months ended 31 January 2008

6. Earnings per share (continued)

Adjusted earnings per ordinary share excludes continuing business exceptional items of £3.9m (2007: £12.6), fair value restatements of £3.6m (2007: £2.7m) and amortisation of £2.2m (2007: £nil).

Under IFRS a loss per share can not be diluted. As at 31 January 2008 the Group had the following shares in issue and potentially dilutive shares:

	As at 31 January 2008	As at 31 January 2007
Number of shares in issue	**464,768,970**	432,517,844
Employee share schemes	**37,820,865**	42,873,648
Deferred consideration	**18,413,725**	1,934,593
Fully diluted number of shares in issue	**521,003,560**	477,326,085

7. Property, plant and equipment

Additions to fixed assets were £2.1m during the quarter (2007: £2.9m), relating primarily to the transfer of the Group's licensable activities to Alderney and Guernsey.

8. Impact of the adoption of International Financial Reporting Standards

From the year ending 31 July 2008 Sportingbet Plc will prepare its financial statements in accordance with IFRS. This note has been prepared to illustrate differences that have arisen through preparation of the financial statements under IFRS rather than UK GAAP.

Below are the reconciliations of the UK GAAP balance sheet to its IFRS balance sheet at 31 January 2007 together with reconciliations of the Group UK GAAP income statements to their IFRS income statements for the three months to 31 January 2007 and six months to 31 January 2007.

Reconciliations of the UK GAAP balance sheet to its IFRS balance sheet at 1 August 2006 (the "opening balance sheet") and 31 July 2007 together with reconciliations of the Group UK GAAP income statements to their IFRS income statements for the year to 31 July 2007 are set out in the Group's RNS for the three months ended 31 October 2007.

The changes as a result of the transition to IFRS and of adopting the IFRS Group accounting policies are described below. In addition to these changes there are a number of other assets and liabilities that are classified differently under IFRS. These reclassifications are shown in the reconciliations below.

First-Time Application

In accordance with IFRS 1 the Group is entitled to a number of voluntary and mandatory exemptions from full restatement. The following exemption has been adopted:

- IFRS 3 *Business Combinations* has not been applied to acquisitions of subsidiaries or of interests in associates and joint ventures that occurred prior to 1 August 2006.

8. Impact of the adoption of International Financial Reporting Standards (continued)

IAS 32 Financial Instruments

Under IAS 32, changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise. At 1 August 2006, the Group held an interest rate swap which was settled during the three months ended 31 October 2006. Under UK GAAP, the gain was only taken to the income statement once realised. Under IFRS, the unrealised gain is recognised in the income statement.

The Group may have, at any point in time, an exposure on ante-post sports bets. These bets meet the definition of a financial derivative under IAS 32 and therefore are recorded at fair value with gains or losses recognised in the income statement. Sports betting net gaming revenue is adjusted for the fair market value of gains and losses on open betting positions.

IAS 38 Software classification

Software is typically included within other intangibles under IFRS rather than tangible assets under UK GAAP. The impact of this is to reclassify software from tangible assets to intangibles assets. Total net assets are not affected by this adjustment.

IAS 40 Investment property

Under UK GAAP, investment property was included within property, plant and equipment. In accordance with IAS 40, investment property is disclosed separately.

IFRS 3 Business Combinations

The Group has elected not to apply IFRS 3 retrospectively to business combinations that took place before 31 July 2006, therefore goodwill is stated in the opening balance sheet (at 1 August 2006) at £351.6m, being its UK GAAP carrying value.

Subsequent amortisation has been reversed, increasing operating profit by £1.2m for the three months ended 31 January 2007 and by £2.6m for the six months ended 31 January 2007.

IAS 7 Cash Flow statements

There are no significant adjustments between the cash flow statements produced under IFRS as against UK GAAP.

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Unaudited Notes (Continued)
Six months ended 31 January 2008

8. Impact of the adoption of International Financial Reporting Standard (continued)

Reconciliation of UK GAAP to IFRS income statement for the three months ended 31 January 2007

	UK GAAP (IFRS format)	IFRS 3 Business combinations	**IFRS income statement**
	£m	£m	**£m**
Amounts wagered	281.6		**281.6**
Net gaming revenue	34.4		**34.4**
Administrative expenses excluding exceptional items, fair value restatements and amortisation	(32.4)		**(32.4)**
Group operating profit before exceptional items, fair value restatements and amortisation	2.0		**2.0**
Other administrative expenses:			
• Exceptional items	-		**-**
• Fair value restatements	(2.1)		**(2.1)**
• Amortisation	(1.2)	1.2	**-**
Total administrative expenses	(35.7)	1.2	**(34.5)**
Group operating (loss)/profit	(1.3)	1.2	**(0.1)**
Finance income	0.2		**0.2**
Finance costs	-		**-**
Profit before taxation	(1.1)	1.2	**0.1**
Taxation	(0.1)		**(0.1)**
(Loss)/profit for the period	(1.2)	1.2	**-**
Discontinued profit/(loss) for the period	(0.0)		**(0.0)**
Group (loss)/profit for the period	(1.2)	1.2	**-**
Minority interest	0.2		**0.2**
(Loss)/profit attributable to the equity holders of the parent	(1.0)	1.2	**0.2**

8. Impact of the adoption of International Financial Reporting Standard (continued)

Reconciliation of UK GAAP to IFRS income statement for the six months ended 31 January 2007

	UK GAAP (IFRS format)	IAS 32 Financial Instruments	IFRS 3 Business combinations	**IFRS income statement**
	£m	£m	£m	**£m**
Amounts wagered	542.3			**542.3**
Net gaming revenue	66.9			**66.9**
Administrative expenses excluding exceptional items, fair value restatements and amortisation	(62.9)			**(62.9)**
Group operating profit before exceptional items, fair value restatements and amortisation	4.0			**4.0**
Other administrative expenses:				
• Exceptional items	(12.6)			**(12.6)**
• Fair value restatements	(2.7)			**(2.7)**
• Amortisation	(2.6)		2.6	**-**
Total administrative expenses	(80.8)		2.6	**(78.2)**
Group operating (loss)/profit	(13.9)		2.6	**(11.3)**
Finance income	0.3			**0.3**
Finance costs	(0.4)			**(0.4)**
Profit before taxation	(14.0)		2.6	**(11.4)**
Taxation	(0.6)			**(0.6)**
Profit for the period	(14.6)		2.6	**(12.0)**
Discontinued profit/(loss) for the period	(228.6)	(0.3)		**(228.9)**
Group profit for the period	(243.2)	(0.3)	2.6	**(240.9)**
Minority interest	0.4			**0.4**
Profit attributable to the equity holders of the parent	(242.8)	(0.3)	2.6	**(240.5)**

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Unaudited Notes (Continued)
Six months ended 31 January 2008

8. Impact of the adoption of International Financial Reporting Standard (continued)
Reconciliation of UK GAAP to IFRS balance sheet at 31 January 2007

	UK GAAP (IFRS format)	IAS 38 Software classification	IAS 12 Goodwill	**IFRS Balance Sheet**
	£m	£m	£m	**£m**
Non-current assets				
Goodwill	80.0		1.2	**81.2**
Other intangible assets	-	8.0		**8.0**
Property, plant and equipment	13.9	(8.0)		**5.9**
	93.9	-	1.2	**95.1**
Current assets				
Trade and other receivables	14.7			**14.7**
Cash and cash equivalents	49.7			**49.7**
	64.4			**64.4**
Non-current assets held for sale	2.6			**2.6**
Current liabilities				
Deferred consideration	(2.1)			**(2.1)**
Other payables	(40.6)			**(40.6)**
	(42.7)			**(42.7)**
Net current assets	24.3			**24.3**
Non-current liabilities				
Provisions	(0.6)			**(0.6)**
Contingent consideration	(3.2)			**(3.2)**
	(3.8)			**(3.8)**
Net assets	**114.4**	**-**	**1.2**	**115.6**
Equity				
Issued share capital	0.4			**0.4**
Shares to be issued	0.7			**0.7**
Shares premium	42.7			**42.7**
Other reserves	0.3			**0.3**
Retained earnings	70.8		1.2	**72.0**
Equity attributable to equity holders of the parent	**114.9**	**-**	**1.2**	**116.1**
Minority interest	(0.5)			**(0.5)**
Total equity	**114.4**	**-**	**1.2**	**115.6**

Sportingbet Plc
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Financial Highlights – Six months ended 31 January 2008

- Group operating profit* up to £11.7m (2007: £4.0m)
- Operating profit* at 16.3% of net gaming revenue (2007: 6.0%)
- Statutory Group operating profit of £2.0m (2007: loss of £11.3m)
- Diluted earnings per share* of 2.2p (2007: 0.8p)

(* stated before charging exceptional items, fair value restatements and amortisation)

FINANCIAL RESULTS – Six months ended 31 January 2008

Amounts wagered (previously disclosed as turnover) for the six months ended 31 January 2008 were £655.6m (2007: £542.3m), earning net gaming revenue (previously disclosed as gross profit) of £71.6m (2007: £66.9m) at 10.9% of amounts wagered (2007: 12.3%).

Amounts wagered on sports betting in Europe grew by 25.5% to £382.0m (2007: £304.5m), earning net gaming revenue of £35.5m (2007: £29.5m). Casino and gaming, and poker contributed a further £17.2m and £10.7m respectively to both amounts wagered and net gaming revenue (2007: £14.8m and £16.1m). Amounts wagered on Australian sports betting grew by 18.8% to £245.6m (2007: £206.9m), earning net gaming revenue of £8.2m (2007: £6.5m).

Amounts wagered and net gaming revenue for the period are stated after a deduction for customer bonuses of £7.3m (2007: £3.2m). The European and Australian sports net gaming revenue % as reported was 9.3% and 3.4% respectively (2007: 9.7% and 3.1%). Without the bonus deduction the equivalent numbers would have been 10.2% and 3.5% (2007: 10.1% and 3.2%). The increase in European customer bonuses reflects, in part, the bringing in-house of certain marketing partners.

Prior period casino net gaming revenue has been reduced by £0.6m reflecting progressive casino jackpot contributions which have been reclassified from marketing expense to be set against casino net gaming revenue. The above adjustment has no effect on the comparative operating profit.

Costs (excluding exceptional items, fair value adjustment and amortisation) in the three months were £59.9m (2007: £62.9m), accounting for 83.6% of net gaming revenue (2007: 94.0%).

Operating profit (before exceptional items, fair value adjustment and amortisation) for the three months was £11.7m (2007 restated: £4.0m). Exceptional charges, amounting to £3.9m (2007: £12.6m), were incurred during the period relating to final payments under the previously announced reorganisation projects.

Operating profit after charging exceptional items of £3.9m (2007: £12.6m), fair value restatement of £3.6m (2007: £2.7m), which comprises the share option charge, and amortisation of £2.2m (2007: £nil) was £2.0m (2007: loss of £11.3m).