

Sportingbet Plc

Unaudited results for the third quarter ended 30 April 2008

Sportingbet Plc, a leading online sports betting and gaming group, announces its results for the third quarter ended 30 April 2008.

Financial Highlights

- Amounts wagered up 25.4% to £364.6m (2007: £290.8m)
- Group operating profit* up 143.3% to £7.3m (2007: £3.0m) in the quarter; £19.0m year to date (2007: £7.0m)
- Operating profit* at 17.9% of net gaming revenue (2007: 8.9%) versus stated target for the year of 13%
- Cash on the balance sheet, net of customer liabilities, of £34.9m (2007: £38.1m)
- Diluted earnings per share* of 1.2p (2007: 0.7p)

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

Business Highlights

- Continued strong growth in gaming revenue across both Europe and Australia
- Significantly improved operational profit margin – 17.9% vs. 8.9% Q3 07
- Broader geographical diversification –no single market representing over 20% of net gaming revenue
- Year to date operating profit £19.0m (2007: £7.0m)

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

“Following last year’s extensive restructuring we are very pleased with the solid performance of the business throughout this year. Quarter 3 was a continuation of that trend and having achieved a profit of £19.0m so far, the Board remains confident of meeting full year expectations.”

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Sportingbet Plc

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There is a presentation for analysts and investors today at 9.30 a.m. at the offices of Smithfield Consultants, 10 Aldersgate St., London EC1M 4HJ. 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

Third quarter ended 30 April 2008

Amounts wagered for the third quarter ended 30 April 2008 were £364.6m (2007: £290.8m), earning net gaming revenue of £40.7m (2007: £31.6m) representing 11.2% of amounts wagered (2007: 10.9%).

Amounts wagered on sports betting in Europe grew by 26.7% to £198.0m (2007: £156.3m), earning net gaming revenue of £20.9m (2007: £15.1m). Casino and gaming, and poker contributed a further £9.6m and £5.0m respectively to both amounts wagered and net gaming revenue (2007: £7.6m and £6.2m). Amounts wagered on Australian sports betting grew by 26.0% to £152.0m (2007: £120.7m), earning net gaming revenue of £5.2m (2007: £2.7m).

Amounts wagered and net gaming revenue for the three months are stated after a deduction for customer bonuses of £3.4m (2007: £2.5m). The European and Australian sports net gaming revenue % as reported was 10.6% and 3.4% respectively (2007: 9.6% and 2.2%). Without the bonus deduction the equivalent numbers would have been 11.3% and 3.5% (2007: 10.6% and 2.3%).

As per Quarter 2, 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 quarter three comparative operating profit.

Costs (excluding exceptional items, fair value adjustment and amortisation) in the three months were £33.4m (2007: £28.6m), accounting for 82.1% of net gaming revenue (2007: 90.5%).

Operating profit (before exceptional items, fair value adjustment and amortisation) for the three months was £7.3m (2007: £3.0m), equating to 17.9% of net gaming revenue (2007: 8.9%). It remains the Group's goal to drive further economies of scale from the business and increase the operating profit margin over coming years.

Statutory operating profit after charging exceptional items of £nil (2007: £62.3m), fair value restatement of £1.8m (2007: £2.8m), which comprises the share option charge, and amortisation of £1.3m (2007: £0.7) was £4.2m (2007: loss of £62.8m).

As at 30 April 2008, the Group had £49.9m (2007: £50.1m) of cash and liquid resources on its balance sheet, of which £15.0m (2007: £12.0m) 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. As at the date of this announcement, the Group's issued share capital amounts to 470,651,323 shares and the fully diluted share capital amounts to 530,963,749 shares.

Highlights and commentary on the results for the nine months to 30 April 2008 are included at the end of this announcement.

REVIEW OF OPERATIONS

Sportingbet Group

The Group's strong operating performance this year continued through the third quarter. Of particular note was the performance seen in the Group's core sports betting businesses in both Europe and Australia and the continued improvements in operating profit margins.

Learning from the lessons of the Group's exit from the US markets, which represented approximately 65% of net gaming revenue at that time, it is the Board's intention to maintain a geographically broad based business. Specifically, the Group aims to have no single country representing more than 20 per cent of Group net gaming revenue. Consequently over the period the Group has reduced its reliance on revenue sourced from the Turkish market. This has been achieved by reducing the level of investment in this domain. During the quarter, approximately 13.9% of Group net gaming revenue was sourced through the Turkish language domain compared to 25.8% in Quarter 2. However, this strategy has impacted on the Group's secondary product offerings of casino, games and poker, which were disproportionately popular with Turkish customers.

As previously announced, the Group undertook the final phase of its post-US restructuring through a reduction in headcount at the Group's head office. As part of this reduction it was decided that the role of a Chief Operating Officer was redundant and as a result Dave Hobday, Chief Operating Officer has left the Group.

Europe

Within Europe the Group continues to focus on increasing yields from its existing customer base as well as seeking to attract new high value customers. To support this the Group is investing in its customer proposition by both enhancing service levels for more valuable customers as well as increasing the quality and breadth of content offered. Additionally, the Group is implementing measures to improve registration and funding rates as well as rigorously examining the value and returns from marketing campaigns.

In aggregate, yield per sports active customer increased by 23.6% from £77.47 to £95.77 as we focus on these higher value players.

The number of customers who bet on the region's sports betting websites in the quarter rose by 9.8% to 236,530 (2007: 215,348).

The number of sports bets placed by these customers increased by 7.4% to 13.8m (2007: 12.9m) at a rate of 58 bets per active customer per quarter (2007: 60 bets), and the average sports bet size was £14.47 (2007: £12.26). The sports margin percentage after betting tax was 11.3% (2007: 10.6%).

Casino and games revenue has held much of the gains made in Q2 following the implementation of product upgrades, but has suffered marginally by the reduction in Turkish volumes. Poker, much like the casino business has also suffered from a withdrawal of Turkish based volumes in what remains a very competitive non-US market.

The number of bets placed on the Group's casino website rose by 22.4% to 45.1m (2007: 36.9m) at an average bet size of £4.90 (2007: £4.83). The casino margin percentage was unchanged at 3.3%.

During the quarter the European region generated, pre bonus deductions, £6.1m of poker rake (2007: £6.6m), down 7.1% year on year.

Australia

Australia made another significant contribution to the Group's performance in the quarter with both strong volumes and a higher than average sports margin percentage.

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: 82%), generating 36.4% (2007: 48.7%) of net gaming revenue.

Within the internet business, the number of bets increased by 49.8% with an average bet size of AUS \$35 (2007: AUS \$42) and a margin of 4.6% (2007: 5.1%). Within the telephone business, the number of bets increased by 1.0% with an average bet size of AUS \$668 (2007: AUS \$634) and a margin of 3.1% (2007: 1.4%).

Overall the number of Australian customers increased by 34.4% from 11,852 to 15,933. Margin for the region, after betting taxes, was 3.5% (2007: 2.3%), amounting to gross gaming revenue of £5.2m (2007: £2.7m).

REGULATORY DEVELOPMENTS

The Group's opinion remains that 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.

The Group's services are provided only from jurisdictions that are licensed and regulated and as such explicitly legal. The Group is currently licensed in the UK, Alderney, Italy, Antigua and Australia.

Since the passing of the US Unlawful Internet Gaming Enforcement Act in October 2006 and the Group's resultant decision to withdraw from the US market, the Group has been seeking to clarify its position with the US Department of Justice through a series of discussions. These discussions remain ongoing and are constructive in their nature, however, there is no certainty that they will reach an acceptable conclusion nor of any timetable associated with the discussions themselves.

As announced on May 29 2008, the Group became aware of a number of detentions made by the Turkish authorities reported to relate to online gaming. By way of an update, the Group can now confirm that two UK based Sportingbet employees of Turkish nationality who were visiting Turkey on holiday remain in custody. At this stage there is no further information.

The Group has no physical operations or activities in Turkey. The Group accepts bets from Turkish citizens. The operations and servers that facilitate this are based in the Group's licensed and regulated locations and as such comply with the requirements of those locations and are consistent with the Group's business model.

The Group's underlying business model remains; 1) only accepting bets from those countries where it is not illegal for their citizens to gamble online; 2) only landing such bets in countries where it is legal to do so and the Group holds an appropriate license; and 3) only maintaining assets, operations, employees and servers in countries where it is legal to do so. Fundamentally, the Group's services are provided only from jurisdictions that are licensed and regulated and as such are explicitly legal.

TRADING OUTLOOK

Trading volumes during May have continued in line with recent trends in both Europe and Australia. In Europe, sports margin has been below long term annual averages due to the run of sports results falling more in favour of the customer – not uncommon at the end of the football season. In Australia, the business has experienced good betting volumes supported by a favourable sports margin.

As we come to the final months of this financial year, the Board remains confident of the year-end outcome. Whilst we look forward to the greater betting volumes that will result from Euro 2008, the Board is cautious that the predictable nature of such tournaments can often result in low financial returns to the bookmaker.

Looking beyond the current financial year, the Board believes its concentration of product on sports betting, supported by its wide base of secondary gaming products and geographical mix, stands the business in good stead to be a successful competitor in the gaming industry.

Sportingbet Plc
Unaudited Consolidated Interim Income Statement
Nine months ended 30 April 2008

	Notes	3 months to 30 April 2008 £m	3 months to 30 April 2007 £m	9 months to 30 April 2008 £m	9 months to 30 April 2007 £m
Amounts wagered		364.6	290.8	1,020.2	833.1
Net gaming revenue	2, 3	40.7	31.6	112.3	98.5
Administrative expenses excluding exceptional items, fair value restatements and amortisation		(33.4)	(28.6)	(93.3)	(91.5)
Group operating profit before exceptional items, fair value restatements and amortisation		7.3	3.0	19.0	7.0
Other administrative expenses:					
• Exceptional items	4	-	(62.3)	(3.9)	(74.9)
• Fair value restatements		(1.8)	(2.8)	(5.4)	(5.5)
• Amortisation		(1.3)	(0.7)	(3.5)	(0.7)
Total administrative expenses		(37.0)	(94.4)	(106.6)	(172.6)
Group operating profit/(loss)	3	4.2	(62.8)	6.2	(74.1)
Finance income		0.1	0.6	0.5	0.9
Finance costs		(0.1)	-	(0.3)	(0.4)
Profit/(loss) before taxation		4.2	(62.2)	6.4	(73.6)
Taxation		(0.8)	(0.2)	(1.8)	(0.8)
Profit/(loss) for the period		3.4	(62.4)	4.6	(74.4)
Loss for the period from discontinued operations		-	-	-	(228.9)
Group profit/(loss) for the period		3.4	(62.4)	4.6	(303.3)
Loss attributable to minority interest		-	-	-	(0.4)
Profit/(loss) attributable to the equity holders of the parent		3.4	(62.4)	4.6	(302.9)
Earnings/(loss) per ordinary share – continuing operations	6				
Basic		0.7p	(14.4)p	1.0p	(17.3)p
Diluted		0.6p	(14.4)p	0.9p	(17.3)p
Earnings/(loss) per ordinary share – continuing and discontinued operations	6				
Basic		0.7p	(14.4)p	1.0p	(70.7)p
Diluted		0.6p	(14.4)p	0.9p	(70.7)p

Sportingbet Plc
Unaudited Consolidated Balance Sheet
As at 30 April 2008

	30 April 2008 £m	30 April 2007 £m
Non-current assets		
Goodwill	51.5	54.6
Other intangible assets	14.7	13.0
Property, plant and equipment	11.7	6.0
Investment property	9.1	-
	<hr/> 87.0	73.6
Current assets		
Trade and other receivables	7.8	4.3
Cash and cash equivalents	49.9	50.1
	<hr/> 57.7	54.4
Non-current assets held for sale	-	2.6
Current liabilities		
Interest bearing loans and borrowings	(5.3)	-
Deferred consideration	(5.1)	-
Other payables	(41.6)	(49.3)
	<hr/> (52.0)	(49.3)
Net current assets	<hr/> 5.7	7.7
Non-current liabilities		
Provisions	(0.9)	(1.0)
Deferred consideration	(0.1)	(2.6)
	<hr/> (1.0)	(3.6)
Net assets	<hr/> 91.7	77.7
Equity		
Issued share capital	0.4	0.4
Shares to be issued	11.5	22.1
Share premium	52.7	42.8
Other reserves	0.3	0.3
Retained earnings	27.1	12.7
Equity attributable to equity holders of the parent	<hr/> 92.0	78.3
Minority interest	(0.3)	(0.6)
Total equity	<hr/> 91.7	77.7

Sportingbet Plc
Unaudited Consolidated Cash Flow Statement
Nine months ended 30 April 2008

	3 months to 30 April 2008 £m	3 months to 30 April 2007 £m	9 months to 30 April 2008 £m	9 months to 30 April 2007 £m
Group profit/(loss) for the period	3.4	(62.4)	4.6	(303.3)
Depreciation	1.4	1.7	4.5	5.2
Amortisation	1.3	0.7	3.5	0.7
Impairment of goodwill	-	46.2	-	182.5
Loss on disposal of business	-	-	-	106.3
Write-off of property, plant and equipment	-	2.8	-	3.6
Fair value restatements	1.8	2.8	5.4	5.0
Finance income	-	(0.6)	(0.2)	(1.6)
Taxation	0.8	0.2	1.8	0.7
Operating cash flows before movements in working capital	8.7	(8.6)	19.6	(0.9)
(Increase)/decrease in receivables	(0.4)	7.5	1.2	8.6
Increase in payables	2.0	6.2	7.5	6.4
Unrealised translation differences	-	(0.2)	0.1	(2.0)
Cash generated by operations	10.3	4.9	28.4	12.1
Income tax paid	-	-	(1.3)	(1.4)
Net cash from operating activities	10.3	4.9	27.1	10.7
Purchases of property, plant and equipment	(4.5)	(2.3)	(10.9)	(10.2)
Acquisitions	(4.0)	(2.8)	(4.0)	(2.8)
Disposals	-	-	-	(35.2)
Interest received	0.1	0.5	0.3	1.1
Cash used in investing activities	(8.4)	(4.6)	(14.6)	(47.1)
New bank loans raised	-	0.1	-	0.1
Repayment of borrowings	-	-	-	(10.8)
Net cash used in financing activities	-	0.1	-	(10.7)
Net increase/(decrease) in cash and cash equivalents in the period	1.9	0.4	12.5	(47.1)
Cash and cash equivalents at beginning of period	47.6	49.7	37.0	97.2
Effect of foreign exchange rate changes	0.4	-	0.4	-
Cash and cash equivalents at end of period	49.9	50.1	49.9	50.1

Sportingbet Plc
Unaudited Consolidated Statement of Recognised Income and Expense
Nine months ended 30 April 2008

	3 months to 30 April 2008 £m	3 months to 30 April 2007 £m	9 months to 30 April 2008 £m	9 months to 30 April 2007 £m
Exchange differences on translation of foreign operations	0.6	(1.1)	0.8	(5.5)
Net income/(charge) recognised directly in equity	0.6	(1.1)	0.8	(5.5)
Profit/(loss) for financial period	3.4	(62.4)	4.6	(303.3)
Total recognised income and expense for the period	4.0	(63.5)	5.4	(308.8)
Attributable to:				
Equity holders of the parent	4.0	(63.5)	5.4	(308.4)
Minority interests	-	-	-	(0.4)
	4.0	(63.5)	5.4	(308.8)

Sportingbet Plc
Unaudited Notes
Nine months ended 30 April 2008

1. Accounting policies

Basis of preparation

The financial information provided is for the three months ended 30 April 2008, the third quarter of the Group's financial year ending 31 July 2008, and the nine months ended 30 April 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 30 April 2008 £m	3 months to 30 April 2007 £m	9 months to 30 April 2008 £m	9 months to 30 April 2007 £m
Gaming revenue	44.1	34.1	123.0	104.2
Promotional bonuses	(3.4)	(2.5)	(10.7)	(5.7)
	40.7	31.6	112.3	98.5

Sportingbet Plc
Unaudited Notes (Continued)
Nine months ended 30 April 2008

3. Primary and secondary segmental information

Net gaming revenue:

	3 months to 30 April 2008 £m	3 months to 30 April 2007 £m	9 months to 30 April 2008 £m	9 months to 30 April 2007 £m
a) Analysis by geography				
Spain	7.8	6.8	21.0	20.4
Turkey	5.6	5.3	22.2	16.3
Greece	6.6	4.2	15.9	11.0
Rest of Europe	15.3	12.6	38.4	41.6
Total Europe	35.3	28.9	97.5	89.3
Australia	5.2	2.7	13.4	9.2
Americas	0.2	-	1.4	-
	40.7	31.6	112.3	98.5
b) Analysis by activity				
Sports betting	26.1	17.7	69.8	53.7
Casino and gaming	9.6	7.6	26.8	22.4
Poker rake	5.0	6.3	15.7	22.4
	40.7	31.6	112.3	98.5

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 30 April 2008 £m	3 months to 30 April 2007 £m	9 months to 30 April 2008 £m	9 months to 30 April 2007 £m
a) Analysis by geography				
Spain	4.0	2.8	10.1	8.5
Turkey	5.0	2.9	20.0	7.6
Greece	3.5	1.8	7.8	4.8
Rest of Europe	9.7	5.1	21.9	15.8
Operating and central costs	(13.6)	(8.3)	(34.5)	(25.7)
Total Europe	8.6	4.3	25.3	11.0
Australia	2.3	0.7	5.5	2.9
Americas	(0.7)	-	(0.9)	-
Unallocated central cost	(2.9)	(2.0)	(10.9)	(6.9)
	7.3	3.0	19.0	7.0

Sportingbet Plc
Unaudited Notes (Continued)
Nine months ended 30 April 2008

3. Analysis of revenue and operating profit (continued)

Operating profit:

	3 months to 30 April 2008 £m	3 months to 30 April 2007 £m	9 months to 30 April 2008 £m	9 months to 30 April 2007 £m
a) Analysis by geography				
Spain	4.1	2.7	10.3	8.3
Turkey	5.0	2.9	20.0	7.5
Greece	3.5	1.8	7.8	4.8
Rest of Europe	9.7	5.1	21.9	15.9
Operating and central costs	(15.5)	(72.1)	(43.8)	(91.5)
Total Europe	6.8	(59.6)	16.2	(55.0)
Australia	2.0	0.2	4.6	1.7
Americas	(0.7)	-	(0.9)	-
Unallocated central cost	(3.9)	(3.4)	(13.7)	(20.8)
	4.2	(62.8)	6.2	(74.1)

4. Exceptional items

The following exceptional costs were incurred during the period:

	Notes	3 months to 30 April 2008 £m	3 months to 30 April 2007 £m	9 months to 30 April 2008 £m	9 months to 30 April 2007 £m
Reorganisation costs relating to UIGEA	(a)	-	-	(0.3)	12.6
Transfer of licensable activities to the Channel Islands	(b)	-	8.3	4.2	8.3
Transfer of EMEA and poker customer services operation to Dublin	(c)	-	2.2	-	2.2
Paradise – Boss migration	(d)	-	2.8	-	2.8
Impairment of goodwill (Paradise Poker)	(e)	-	46.2	-	46.2
Fixed assets write off	(f)	-	2.8	-	2.8
		-	62.3	3.9	74.9

- 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.
- b) Costs relating to the transfer of the licensable activities to Alderney and Guernsey include redundancy, recruitment, training, temporary accommodation and other related costs.
- c) The costs to create the dedicated EMEA and poker customer services and fraud centre in Dublin comprise redundancy, recruitment, training, temporary accommodation and other related costs.
- d) Paradise – Boss migration costs relating to the migration of Paradise Poker players to the Boss Media platform include redundancy, one-off migration marketing and other related costs.
- e) Impairment of goodwill represents the write-down of Paradise Poker goodwill following the passing of the UIGEA and consequential US closures. A further write-down of goodwill in relation to Paradise Poker occurred as a result of the migration to Boss.
- f) As a result of the above events fixed assets no longer used by the continuing business totalling £2.8m have been written off.

Sportingbet Plc
Unaudited Notes (Continued)
Nine months ended 30 April 2008

5. Fair value restatements

	3 months to 30 April 2008 £m	3 months to 30 April 2007 £m	9 months to 30 April 2008 £m	9 months to 30 April 2007 £m
Share option charge	1.8	2.8	5.4	5.5
	1.8	2.8	5.4	5.5

6. Earnings per share

	3 months to 30 April 2008	3 months to 30 April 2007	9 months to 30 April 2008	9 months to 30 April 2007
<i>For continuing and discontinued operations:</i>				
Earnings/(loss) per ordinary share				
Basic	0.7p	(14.4)p	1.0p	(70.7)p
Diluted	0.6p	(14.4)p	0.9p	(70.7)p
<i>For continuing operations:</i>				
Earnings/(loss) per ordinary share				
Basic	0.7p	(14.4)p	1.0p	(17.3)p
Diluted	0.6p	(14.4)p	0.9p	(17.3)p
<i>For discontinued operations:</i>				
Loss per ordinary share				
Basic	-	-	-	(53.4)p
Diluted	-	-	-	(53.4)p
<i>For continuing and discontinued operations:</i>				
Adjusted earnings per ordinary share (before exceptional items, fair value restatements and amortisation)				
Basic	1.4p	0.8p	3.9p	5.0p
Diluted	1.2p	0.7p	3.4p	4.2p
<i>For continuing operations:</i>				
Adjusted earnings per ordinary share (before exceptional items, fair value restatements and amortisation)				
Basic	1.4p	0.8p	3.9p	1.7p
Diluted	1.2p	0.7p	3.4p	1.4p
<i>For discontinued operations:</i>				
Adjusted earnings per ordinary share (before exceptional items, fair value restatements and amortisation)				
Basic	-	-	-	3.3p
Diluted	-	-	-	2.8p

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 £3.4m (2007: £62.4m loss) and the weighted average number of shares in issue during the period of 464,768,970 (2007: 432,610,461).

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Unaudited Notes (Continued)
Nine months ended 30 April 2008

6. Earnings per share (continued)

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 £nil (2007: £62.3m), fair value restatements of £1.8m (2007: £2.8m) and amortisation of £1.3m (2007: £0.7m).

The calculation of basic earnings per share for the nine months is based on the profit/(loss) on ordinary activities after taxation and minority interests attributable to shareholders of Sportingbet Plc of £4.6m (2007: loss of £302.9m) and the weighted average number of shares in issue during the period of 448,895,441 (2007: 428,571,684).

Adjusted earnings per ordinary share excludes continuing business exceptional items of £3.9m (2007: £74.9m), fair value restatements of £5.4m (2007: £5.5m) and amortisation of £3.5m (2007: £0.7m).

Under IFRS a loss per share cannot be diluted. As at 30 April 2008 the Group had the following shares in issue and potentially dilutive shares:

	As at 30 April 2008	As at 30 April 2007
Number of shares in issue	464,768,970	432,853,094
Employee share schemes	40,357,749	41,345,183
Deferred consideration	18,413,725	37,228,711
Fully diluted number of shares in issue	<u>523,540,444</u>	<u>511,426,988</u>

7. Property, plant and equipment

Additions to fixed assets were £4.5m during the quarter (2007: £2.3m), 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 30 April 2007 together with reconciliations of the Group UK GAAP income statements to their IFRS income statements for the three months to 30 April 2007 and nine months to 30 April 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.

Sportingbet Plc
Unaudited Notes (Continued)
Nine months ended 30 April 2008

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

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.

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 £1.4m for the three months ended 30 April 2007 and by £4.0m for the nine months ended 30 April 2007.

The application of IFRS 3 to the acquisition of the business and assets of Maslin Properties Ltd, the Group's Turkish marketing partner, on 28 February 2007, resulted in the capitalisation of £5.3m of separately identifiable intangible assets. This resulted in an increase in the amortisation charge of £0.7m for the three months ended 31 April 2008, and £0.7m for the nine months ended 30 April 2008.

The net impact of IFRS 3 on operating profit is a £0.7m increase for the three months ended 30 April 2007 and an increase of £3.3m for the nine months ended 30 April 2007.

IAS 7 Cash Flow statements

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

Sportingbet Plc
Unaudited Notes (Continued)
Nine months ended 30 April 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 30 April 2007

	UK GAAP (IFRS format) £m	IAS 32 Financial Instruments £m	IFRS 3 Business combinations £m	IFRS income statement £m
Amounts wagered	290.8			290.8
Net gaming revenue	31.6			31.6
Administrative expenses excluding exceptional items, fair value restatements and amortisation	(28.6)			(28.6)
Group operating profit before exceptional items, fair value restatements and amortisation	3.0			3.0
Other administrative expenses:				
• Exceptional items	(62.3)			(62.3)
• Fair value restatements	(2.8)			(2.8)
• Amortisation	(1.4)		0.7	(0.7)
Total administrative expenses	(95.1)		0.7	(94.4)
Group operating (loss)/profit	(63.5)		0.7	(62.8)
Finance income	0.6			0.6
Finance costs	-			-
Profit before taxation	(62.9)		0.7	(62.2)
Taxation	(0.2)			(0.2)
Profit for the period	(63.1)		0.7	(62.4)
Discontinued profit/(loss) for the period	-	-		-
Group profit for the period	(63.1)	-	0.7	(62.4)
Minority interest	-			-
Profit attributable to the equity holders of the parent	(63.1)	-	0.7	(62.4)

Sportingbet Plc
Unaudited Notes (Continued)
Nine months ended 30 April 2008

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

Reconciliation of UK GAAP to IFRS income statement for the nine months ended 30 April 2007

	UK GAAP (IFRS format) £m	IAS 32 Financial Instruments £m	IFRS 3 Business combinations £m	IFRS income statement £m
Amounts wagered	833.1			833.1
Net gaming revenue	98.5			98.5
Administrative expenses excluding exceptional items, fair value restatements and amortisation	(91.5)			(91.5)
Group operating profit before exceptional items, fair value restatements and amortisation	7.0			7.0
Other administrative expenses:				
• Exceptional items	(74.9)			(74.9)
• Fair value restatements	(5.5)			(5.5)
• Amortisation	(4.0)		3.3	(0.7)
Total administrative expenses	(175.9)		3.3	(172.6)
Group operating (loss)/profit	(77.4)		3.3	(74.1)
Finance income	0.9			0.9
Finance costs	(0.4)			(0.4)
Profit before taxation	(76.9)		3.3	(73.6)
Taxation	(0.8)			(0.8)
Profit for the period	(77.7)		3.3	(74.4)
Discontinued profit/(loss) for the period	(228.6)	(0.3)		(228.9)
Group profit for the period	(306.3)	(0.3)	3.3	(303.3)
Minority interest	0.4			0.4
Profit attributable to the equity holders of the parent	(305.9)	(0.3)	3.3	(302.9)

Sportingbet Plc
Unaudited Notes (Continued)
Nine months ended 30 April 2008

8. Impact of the adoption of International Financial Reporting Standard (continued)
Reconciliation of UK GAAP to IFRS balance sheet at 30 April 2007

	UK GAAP (IFRS format)	IAS 38 Software classification	IAS 12 Goodwill	IFRS Balance Sheet
	£m	£m	£m	£m
Non-current assets				
Goodwill	55.8		(1.2)	54.6
Other intangible assets	-	8.5	4.5	13.0
Property, plant and equipment	14.5	(8.5)		6.0
	70.3	-	3.3	73.6
Current assets				
Trade and other receivables	4.3			4.3
Cash and cash equivalents	50.1			50.1
	54.4	-	-	54.4
Non-current assets held for sale	2.6			2.6
Current liabilities				
Interest bearing loans and borrowings	-			-
Deferred consideration	-			-
Other payables	(49.3)			(49.3)
	(49.3)	-	-	(49.3)
Net current assets	7.7	-	-	7.7
Non-current liabilities				
Provisions	(1.0)			(1.0)
Contingent consideration	(2.6)			(2.6)
	(3.6)	-	-	(3.6)
Net assets	74.4	-	3.3	77.7
Equity				
Issued share capital	0.4			0.4
Shares to be issued	22.1			22.1
Shares premium	42.8			42.8
Other reserves	0.3			0.3
Retained earnings	9.4		3.3	12.7
Equity attributable to equity holders of the parent	75.0	-	3.3	78.3
Minority interest	(0.6)			(0.6)
Total equity	74.4	-	3.3	77.7

Sportingbet Plc
Nine months ended 30 April 2008

Financial Highlights – Nine months ended 30 April 2008

- Group operating profit* up to £19.0m (2007: £7.0m)
- Operating profit* at 16.9% of net gaming revenue (2007: 7.1%)
- Statutory Group operating profit of £6.2m (2007: loss of £74.1m)
- Diluted earnings per share* of 3.4p (2007: 1.4p)

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

FINANCIAL RESULTS – Nine months ended 30 April 2008

Amounts wagered (previously disclosed as turnover) for the nine months ended 30 April 2008 were £1,020.2m (2007: £833.1m), earning net gaming revenue (previously disclosed as gross profit) of £112.3m (2007: £98.5m) at 11.0% of amounts wagered (2007: 11.8%).

Amounts wagered on sports betting in Europe grew by 25.9% to £580.1m (2007: £460.8m), earning net gaming revenue of £56.4m (2007: £44.5m). Casino and gaming, and poker contributed a further £26.8m and £15.7m respectively to both amounts wagered and net gaming revenue (2007: £22.4m and £22.4m). Amounts wagered on Australian sports betting grew by 21.4% to £397.6m (2007: £327.5m), earning net gaming revenue of £13.4m (2007: £9.2m).

Amounts wagered and net gaming revenue for the period are stated after a deduction for customer bonuses of £10.7m (2007: £5.7m). The European and Australian sports net gaming revenue % as reported was 9.8% and 3.4% respectively (2007: 9.7% and 2.8%). Without the bonus deduction the equivalent numbers would have been 10.7% and 3.5% (2007: 10.2% and 2.9%). 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 £0.9m 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 nine months were £93.3m (2007: £91.5m), accounting for 83.1% of net gaming revenue (2007: 93.0%).

Operating profit (before exceptional items, fair value adjustment and amortisation) for the nine months was £19.0m (2007 restated: £7.0m). Exceptional charges, amounting to £3.9m (2007: £74.9m), 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: £74.9m), fair value restatement of £5.4m (2007: £5.5m), which comprises the share option charge, and amortisation of £3.5m (2007: £0.7m) was £6.2m (2007: loss of £74.1m).