



Sportingbet Plc

Unaudited results for the third quarter ended 30 April 2010

Sportingbet Plc, a leading online sports betting and gaming group, announces its results for the third quarter ended 30 April 2010.

Key Highlights for the Quarter

- Amounts wagered up 22% on Q3 2008/9
- Net Gaming Revenue up 30% on Q3 2008/9
- Group adjusted operating profit up 18% to £12.0m
- Admission to the Official List of LSE on 14 May 2010
- Net cash of £30.3m

Financial Highlights for the Quarter (continuing operations)

	Q3 2009/10 £m	Q3 2008/9 £m	%
Amounts Wagered	520.8	426.2	22.2
Net Gaming Revenue	55.7	42.9	29.8
EBITDA*	14.9	12.5	19.2
Adjusted Operating Profit*	12.0	10.2	17.6
Group Operating Profit	10.4	8.7	19.5
Adjusted Diluted EPS* (p)	1.7	1.9	-9.7
Diluted EPS (p)	1.4	1.6	-11.3

Financial Highlights for 9 months (continuing operations)

	9 mths 2009/10 £m	9 mths 2008/9 £m	%
Amounts Wagered	1,486.3	1,186.9	25.2
Net Gaming Revenue	156.9	124.5	26.0
EBITDA*	38.2	33.2	15.1
Adjusted Operating Profit*	30.3	27.1	11.8
Group Operating Profit	26.5	22.5	17.8
Adjusted Diluted EPS* (p)	5.2	4.9	5.1
Diluted EPS (p)	4.5	4.0	10.9

* Adjusted to exclude exceptional items, share option charge, amortisation and listing costs

Andrew McIver, Group Chief Executive, commented:

“Given the widely reported economic difficulties in Spain and Greece which are two of our biggest markets, it is pleasing to report an 18% increase in profits for the quarter of £12.0m versus £10.2m last year. In particular a strong performance from Australia demonstrates once again the benefits of a geographically diversified business in this sector together with the relative robustness of a sports led product.

Profit for the first three quarters of the financial year was £30.3m versus £27.1m last year. Whilst May has seen a solid performance to date, the balance of the seasonally quieter sporting calendar in the fourth quarter will be dominated this year by the World Cup. Much of how the remainder of this quarter performs will depend on the outcome of this major event.”

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Sportingbet Plc

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There is a presentation for analysts and investors today at 09.30 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 20 minutes prior to the presentation start time.

FINANCIAL RESULTS: Three months ended 30 April 2010

Amounts wagered for the three months ended 30 April 2010 grew by 22% to £520.8m (2008/9: £426.2m), earning net gaming revenue ("NGR") up 30% to £55.7m (2008/9 £42.9m).

Amounts wagered on sports betting in Europe (incorporating the financial results for the Emerging Markets division) grew by 25% to £322.9m (2008/9: £258.6m), earning NGR of £29.2m (2008/9: £24.1m) up 21% year on year. Casino and gaming contributed a further £11.6m, and poker £4.5m, to both amounts wagered and NGR (2008/9: £9.9m and £5.0m). Amounts wagered on Australian sports betting grew by 19% to £181.8m (2008/9: £152.7m), earning post betting tax NGR of £10.4m (2008/9: £3.9m).

As a percentage of amounts wagered, the European and Australian sports NGR were 9.0% and 5.7% respectively (2008/9: 9.3% and 2.6%). However, amounts wagered and NGR are stated after a deduction for customer bonuses of £4.1m (2008/9: £5.6m). Without the bonus deduction the equivalent numbers would have been 9.6% and 5.9% (2008/9: 10.5% and 2.9%).

Costs (excluding exceptional items, share option charge, amortisation and listing costs) in the year were £43.7m (2008/9: £32.7m), accounting for 78.5% of NGR (2008/9: 76.2%).

There has been a net charge to the operating profit of £0.4m (2008/9: credit of £0.8m) arising from foreign exchange. The Group earns over 90% of its revenue in currencies other than Sterling. At constant currency the total NGR increased by 27%.

Operating profit for the continuing business (before exceptional items, share option charge, amortisation and listing costs) for the three months was £12.0m (2008/9: £10.2m).

Earnings before interest, tax, depreciation and amortisation (before share option charge and listing costs) increased 19% to £14.9m (2008/9: £12.5m).

Operating profit after the share option charge of £0.3m (2008/9: £1.0m) and amortisation of other intangible assets of £0.5m (2008/9: £0.5m) and listing costs associated with the Group's move to the official list of the London Stock Exchange of £0.8m (2008/9: £nil) was £10.4m (2008/9: £8.7m).

Net finance costs amounted to £0.5m (2008/9: £0.2m). Net interest income was negligible (2008/9: £0.2m).

Corporation tax amounted to £2.4m (2008/9: £0.1m) as a result of significantly higher profits from the Group's Australian operations.

Basic earnings per share (before share option charge and amortisation) was 1.6p (2008/9: 2.1p) impacted by the higher corporation tax payable in Australia. Diluted earnings per share (before share option charge and amortisation) was 1.6p (2008/9: 1.9p). Basic Group statutory earnings per share was 1.5p (2008/9: 1.8p).

As at 30 April 2010, the Group had £56.6m (2008/9: £54.1m) of cash and liquid resources on its balance sheet. After taking into account £19.6m (2008/9: £18.8m) of customer liabilities, £4.0m (2008/9: £4.0m) of bank loans secured on residential properties in the Channel Islands and £2.7m (2008/9: £nil) of finance leases, net cash at the period end stood at £30.3m (2008/9: £31.3m).

Note: On 21 July 2009, the Group sold Sportingbet Italia S.p.A. Prior year comparatives have been restated to reflect only the results of continuing operations.

REVIEW OF OPERATIONS

Europe

The European business (incorporating the financial results for the Emerging Markets Division) continues to grow strongly with the gross amount wagered (pre bonus adjustment) on sports increasing by 24% to £324.8m (2008/9: £262.0m), generating a gross gaming revenue of £31.1m (2008/9: £27.5m) up 13%. European casino and games gross revenue grew by 14% to £12.3m (2008/9: £10.8m) whilst poker gross revenue decreased marginally by 1.7% to £5.7m (2008/9: £5.8m) in tough market conditions.

Regional growth in NGR has been impacted by differing economic conditions and also by variances in sports margin by country. In particular, the Group's Greek business has demonstrated a resilient performance given its economically troubled times with NGR growth (pre bonus adjustments) of 8%. Spain, another of the Group's major markets, was impacted by lower than average sports margins. In Spain, sports wagers were up 3% whilst NGR was flat.

The number of sports bets placed rose by 28% to 21.5m (2008/9: 16.9m). The number of bets per customer increased to 96 (2008/9: 81). Although the average bet size was down marginally to £15.08 (2008/9: £15.51), yield per sports customer increased from £131 to £139.

During the quarter, a sports gross margin of 9.6% was achieved (2008/9: 10.5%), demonstrating the Group's industry leading trading margin. The margin was impacted by sports results more in favour of the customer during February as previously reported.

In-play betting accounted for 63% of the value of bets placed during the quarter. Amounts wagered on live betting increased 34% year on year generating total NGR of £17.9m and equating to a gross margin of 8.8%.

During the quarter the Group has invested further in the development of its mobile betting platform with a new sportsbook platform deployed in the UK and a launch programme for other portfolio markets is currently being activated.

In preparation for the licensing of the French market, the Group concluded marketing deals with two key media based partners. Firstly, Sportingbet will be the exclusive betting partner of Le Monde, one of the most respected and widest circulated newspapers in France which will promote a co-branded website. Secondly the Group has secured a deal with L'Express, France's first weekly news magazine, where L'Express will promote a co-branded betting site.

During the quarter there has been a further increase in the number of flash casino games available in a number of the major territories which have proved popular with customers. These products have assisted Europe's casino and games offering, which accounted for 21% of the Group's revenue, to increase by 14% during the quarter.

During the period, the Group generated poker rake (pre bonus deductions) of £5.7m (2008/9: £5.8m), down 1.7% on the prior year. Poker now accounts for 10% of Group gross gaming revenue, down from 12% in 2008/9.

Australia

Gross amounts wagered in Australia increased by 19% from £153.2m to £182.1m resulting in pre-tax margin of £13.5m (2008/9: £7.1m). Gambling taxes in Australia amounted to £2.8m in the period (2008/9: £2.7m). After accounting for these taxes, the post tax margin increased by 143% from £4.4m to £10.7m. After bonuses, NGR increased by 167% from £3.9m to £10.4m of which 23% was attributable to favourable foreign exchange movements.

The sports margin in Australia was well above the long term average in the quarter at 5.9% (2008/9: 2.9%) as certain horse racing results favoured the bookmaker. The telephone business accounted for 62% of the amounts wagered and 54% of the gross margin. Active telephone customer numbers increased 3% and the amount wagered on the telephone increased by 11% to £112.7m with number of bets placed decreasing by 1%.

The relaxation of Australian advertising regulation in September 2008 has benefited the internet based business with active customer numbers up 12% and the amount wagered up 21% to £67.1m. The number of bets placed rose by 5% over the prior year. The number of bets per internet customer decreased by 6% from an average of 166 bets per quarter to 156 per quarter. The average bet size on the internet was A\$29 (2008/9 A\$31).

REGULATORY UPDATE

Europe

The recent ECJ judgement in the Santa Casa case has created a framework around which a Member State can operate a legitimate gambling monopoly which does not contravene EU Law. Whilst the requirements for such a monopoly are narrow such judgements have been upheld in Portugal under the ECJ ruling and in Norway by the EFTA courts.

In addition to the creation of legitimate monopolies, recent Advocate General rulings have suggested that the mutual recognition of EU licences does not appear to be required if a Member State believes that self regulation better protects its citizens.

As a result of the above two principles, where a legitimate monopoly exists a Member State may prohibit foreign competition through legislation. If a monopoly or local provision of gambling services does not fall within the narrow definitions laid down by the EU, prohibition of foreign competition is not permitted, however self regulation

and taxation will be permitted so long as there is no discrimination between the incumbent and foreign commercial operators.

France

Legislation to issue license to permit online sports betting, online horse betting and poker for customers resident in France was adopted by the French Parliament on 6 April, 2010. Online casino and games of chance are not permitted.

In accordance with required procedure, the legislation was notified to the European Commission for review. As such, the enacted legislation is unlikely to be subject to further challenge by the Commission and further recourse to the European Union Courts by operators is therefore limited. The law was enacted on 14 May 2010 and in compliance with the legislation the Group stopped taking wagers from French resident customers.

The Board of Sportingbet hope the licensed market, with greater freedom to advertise, along with greater acceptance of the online gaming market will lead to market growth. Subject to concluding on the economic viability of operating under the new licensing and tax regime, the Group intends to apply for licenses to operate sports betting, pari mutual horse race betting, and poker. As the license issue process and the detailed regulations are only just being published, it is unlikely that the Group will be able to satisfy the French regulatory requirements until early in 2011.

The loss of French revenues will have a negligible impact on the Group's performance in the current financial year. In the next financial year, the process required to comply with French regulation will take some time, which along with the permanent loss of casino revenues and high taxes will have a more material impact. However, at this time there are a significant number of issues outstanding with the French regulator, ARJEL, and therefore it is difficult to quantify precisely the impact of the new regulation on next year's profitability. A further update will be given in due course.

In the 9 month period to 30 April 2010, the Group earned a contribution of £2.6m from £6.0m of Gross Gaming Revenues ("GGR") derived from the Group's French language site. Approximately 60% of GGR was derived from sports betting, 15% from poker and 25% from casino. In total, GGR from France accounted for approximately 3.5% of Group GGR.

Norway

Norwegian Law currently restricts the supply of gambling services to the State monopolies. More recently, legislation has been adopted which purports to criminalise the processing of payments for unlicensed operators from 1 June 2010. Such legislation has not been formally approved in its current form by the prevailing European Court (the EFTA Surveillance Authority) and as such is not lawful under EU and EFTA law. As a result, the Group will continue to accept customers resident in Norway until such time as formal EFTA clearance is provided. Gaming revenues from Norway are immaterial to the Group

United States

As previously reported, the Group continues in its discussions with the US Department of Justice to seek clarification of the position of the US Authorities with respect to the Group's previous activities and to determine whether a mutually acceptable resolution is possible. These talks continue and are productive and amicable in their nature. The Board continues to be optimistic of reaching a settlement but has little visibility of the likely timing or quantum.

Other

As set out in its recently issued Prospectus, the Group has been involved in arbitration proceedings related to certain contractual matters with Intertel Serveis Audiotext Sociedad Limitada, the Group's former marketing partner for the Spanish market. The arbitrator found in favour of the Group at the primary liability hearing which took place 23 February 2010.

CURRENT TRADING AND OUTLOOK

Profit for the first three quarters of the financial year was £30.3m versus £27.1m last year. Whilst May has seen a solid performance to date, the balance of the seasonally quieter sporting calendar in the fourth quarter will be dominated this year by the World Cup. Much of how the remainder of this quarter performs will depend on the outcome of this major event.

Sportingbet Plc Directors Responsibility Statement

This report is the responsibility of, and has been approved by, the Directors of Sportingbet Plc. Accordingly, the Directors confirm that to the best of their knowledge:

- the condensed consolidated set of financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting" as issued by the IASB and endorsed and adopted by the European Union;

- the interim management report includes a fair review of the information required by:

- (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first nine months of the financial year and their impact on the condensed consolidated set of financial statements; and a description of the principal risks and uncertainties for the remaining three months of the financial year; and

- (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first nine months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the 2009 Annual Report.

Sportingbet Plc
Unaudited Consolidated Income Statement
Nine months ended 30 April 2010

	Notes	3 mths to 30 April 2010 £m	Listing costs £m	3 mths to 30 April 2010 £m Total	3 mths to 30 April 2009 £m Restated	9 mths to 30 April 2010 £m	Listing costs £m	9 mths to 30 April 2010 £m Total	9 mths to 30 April 2009 £m Restated
Amounts wagered	5	520.8	-	520.8	426.2	1,486.3	-	1,486.3	1,186.9
Net gaming revenue	4, 5	55.7	-	55.7	42.9	156.9	-	156.9	124.5
Administrative expenses excluding exceptional items, share option charge and amortisation of other intangible assets		(43.7)	(0.8)	(44.5)	(32.7)	(126.6)	(1.4)	(128.0)	(97.4)
Group operating profit before exceptional items, share option charge and amortisation of other intangible assets		12.0	(0.8)	11.2	10.2	30.3	(1.4)	28.9	27.1
Other administrative expenses:									
• Exceptional items		-	-	-	-	-	-	-	-
• Share option charge	6	(0.3)	-	(0.3)	(1.0)	(0.9)	-	(0.9)	(3.2)
• Amortisation of other intangible assets		(0.5)	-	(0.5)	(0.5)	(1.5)	-	(1.5)	(1.4)
Total admin expenses	5	(44.5)	(0.8)	(45.3)	(34.2)	(129.0)	(1.4)	(130.4)	(102.0)
Group operating profit	5	11.2	(0.8)	10.4	8.7	27.9	(1.4)	26.5	22.5
Finance income		-	-	-	0.2	0.4	-	0.4	0.5
Finance costs		(0.5)	-	(0.5)	(0.2)	(0.7)	-	(0.7)	(0.4)
Profit before taxation		10.7	(0.8)	9.9	8.7	27.6	(1.4)	26.2	22.6
Taxation		(2.4)	-	(2.4)	(0.1)	(3.3)	-	(3.3)	(1.5)
Profit after tax		8.3	(0.8)	7.5	8.6	24.3	(1.4)	22.9	21.1
Loss from discontinued operations	3	-	-	-	(0.4)	-	-	-	(1.1)
Profit for the period		8.3	(0.8)	7.5	8.2	24.3	(1.4)	22.9	20.0
Profit attributable to the equity holders of the parent		8.3	(0.8)	7.5	8.2	24.3	(1.4)	22.9	20.0
Profit per ordinary share – continuing operations	8								
Basic		1.7p	(0.2)p	1.5p	1.8p	5.0p	(0.3)p	4.7p	4.4p
Diluted		1.6p	(0.2)p	1.4p	1.6p	4.8p	(0.3)p	4.5p	4.0p
Profit per ordinary share	8								
Basic		1.7p	(0.2)p	1.5p	1.7p	5.0p	(0.3)p	4.7p	4.2p
Diluted		1.6p	(0.2)p	1.4p	1.5p	4.8p	(0.3)p	4.5p	3.8p

Sportingbet Plc
Unaudited Consolidated Statement of Comprehensive Income
Nine months ended 30 April 2010

	3 months to 30 April 2010 £m	3 months to 30 April 2009 £m	9 months to 30 April 2010 £m	9 months to 30 April 2009 £m
Profit for the period	7.5	8.2	22.9	20.0
Amounts initially recycled to equity under designated cash flow hedges	(0.2)	-	(0.5)	-
Amounts recycled to the income statement to match the hedged items	0.3	-	0.2	-
Exchange differences on translation of foreign operations	1.7	0.1	1.6	1.2
Total comprehensive income for the period	9.3	8.3	24.2	21.2
Attributable to: Equity holders of the parent	9.3	8.3	24.2	21.2

Sportingbet Plc
Unaudited Consolidated Balance Sheet
As at 30 April 2010

		30 April 2010	30 April 2009	31 July 2009
	Notes	unaudited £m	unaudited £m	audited £m
Non-current assets				
Goodwill		41.5	46.7	41.2
Other intangible assets	9	20.4	15.9	15.9
Property, plant and equipment	9	26.8	20.7	21.9
Deferred tax asset		1.7	-	1.4
		90.4	83.3	80.4
Current assets				
Trade and other receivables		13.5	10.9	13.4
Cash and cash equivalents		56.6	54.1	44.3
Derivatives		0.5	-	0.7
		70.6	65.0	58.4
Current liabilities				
Trade and other payables		(43.1)	(42.1)	(41.0)
Interest bearing loans and borrowings		(6.7)	(4.0)	(4.0)
Contingent consideration		-	(2.4)	(0.5)
		(49.8)	(48.5)	(45.5)
Net current assets		20.8	16.5	12.9
Non-current liabilities				
Long-term provisions		-	(0.1)	(0.1)
		-	(0.1)	(0.1)
Net assets		111.2	99.7	93.2
Equity				
Issued share capital	8	0.5	0.5	0.5
Shares to be issued		-	1.5	-
Share premium		59.9	57.6	59.4
Retained earnings		49.4	40.5	33.3
Foreign exchange reserve		1.4	(0.4)	-
Total equity		111.2	99.7	93.2

Sportingbet Plc
Unaudited Consolidated Statement of Changes in Equity
Nine months ended 30 April 2010

	Issued share capital £m	Share premium account £m	Shares to be issued £m	Own Shares £m	Profit and loss account £m	Foreign exchange reserve £m	Total £m
As at 1 August 2008	0.5	56.3	9.0	-	20.1	(1.5)	84.4
Acquisitions	-	3.1	(9.0)	-	-	-	(5.9)
Share option charge	-	-	-	-	3.1	-	3.1
Profit for the year	-	-	-	-	12.4	-	12.4
Purchase of own shares	-	-	-	(3.0)	-	-	(3.0)
Issue of shares in lieu of options	-	-	-	3.0	(3.0)	-	-
Hedging reserve	-	-	-	-	0.7	-	0.7
Foreign currency exchange	-	-	-	-	-	1.5	1.5
As at 1 August 2009	0.5	59.4	-	-	33.3	-	93.2
Employee share options	-	0.5	-	-	(0.5)	-	-
Share option charge	-	-	-	-	0.9	-	0.9
Profit for the period	-	-	-	-	22.9	-	22.9
Dividends paid	-	-	-	-	(7.6)	-	(7.6)
Hedging reserve	-	-	-	-	(0.3)	-	(0.3)
Foreign currency exchange	-	-	-	-	0.7	1.4	2.1
As at 30 April 2010	0.5	59.9	-	-	49.4	1.4	111.2

Sportingbet Plc
Unaudited Consolidated Cash Flow Statement
Nine months ended 30 April 2010

	3 months to 30 April 2010	3 months to 30 April 2009	9 months to 30 April 2010	9 months to 30 April 2009
	£m	£m	£m	£m
Group profit after taxation	7.5	8.2	22.9	20.0
Depreciation	1.3	1.2	3.9	3.4
Software amortisation	1.6	1.1	4.0	2.7
Other amortisation	0.5	0.5	1.5	1.4
Share option charge	0.3	1.0	0.9	3.2
Finance costs/ (income)	0.5	-	0.3	(0.1)
Taxation	2.4	0.1	3.3	1.5
Operating cash flows before movements in working capital	14.1	12.1	36.8	32.1
Decrease/(increase) in receivables	1.3	(0.5)	0.5	(2.1)
(Decrease)/increase in payables	(3.4)	(6.7)	0.7	(11.2)
Cash generated by operations	12.0	4.9	38.0	18.8
Income tax paid	(1.1)	-	(3.0)	(1.9)
Net cash from operating activities	10.9	4.9	35.0	16.9
Purchases of property, plant and equipment	(0.9)	(0.4)	(9.3)	(2.9)
Purchases of software	(5.3)	(1.4)	(9.0)	(4.6)
Acquisitions	-	(1.0)	(0.6)	(2.0)
Interest	(0.5)	-	(0.3)	0.1
Cash used in investing activities	(6.7)	(2.8)	(19.2)	(9.4)
Purchase of own shares	-	-	-	(2.3)
Issue of shares	0.1	-	0.1	-
Obligations under finance leases	(0.3)	-	2.7	-
Movement in reserves due to hedging	0.1	-	(0.3)	-
Dividends paid	(2.6)	-	(7.6)	-
Repayment of borrowings	-	-	-	(1.6)
Net cash used in financing activities	(2.7)	-	(5.1)	(3.9)
Net increase in cash and cash equivalents in the period	1.5	2.1	10.7	3.6
Cash and cash equivalents at beginning of period	54.2	52.1	44.3	49.4
Effect of foreign exchange rate changes	0.9	(0.1)	1.6	1.1
Cash and cash equivalents at end of period	56.6	54.1	56.6	54.1

Sportingbet Plc
Unaudited Notes to the Financial Information
Nine months ended 30 April 2010

1. Basis of preparation

The unaudited financial information provided is for the three months ended 30 April 2010, the third quarter of the Group's financial year ending 31 July 2010, and the nine months ended 30 April 2010.

The unaudited financial information has been prepared in accordance with IAS 34 - "*Interim Financial Reporting*", and have been prepared on the basis of International Financial Reporting Standards ('IFRSs') and International Financial Reporting Interpretations Committee ('IFRIC') interpretations as adopted by the European Union that are effective for the year ending 31 July 2010.

The accounting policies adopted are consistent with those of the annual financial statements for the year ended July 31, 2009, as described in those financial statements, with the exception of the following new standards, which have become mandatory for the first time for the year ending July 31, 2010:

The adoption of IAS 1 (revised) has required the reconciliation of movements in equity, previously disclosed in note 21 in the financial statements for the year ended July 31, 2009, to be presented as a primary statement entitled 'Unaudited Consolidated Statement of Changes in Equity'. In addition, the Consolidated Statement of Recognised Income and Expense has been replaced with the Consolidated Statement of Comprehensive Income.

IFRS 8 "Operating Segments", Amendment to IAS 23 "Borrowing costs" and Amendment to IFRS 2 "Share based payments" are effective for annual periods beginning on or after January 1, 2009.

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 2009 have been delivered to the Registrar of Companies. The auditors have reported on those accounts; their reports were unqualified, however they included a reference to an emphasis of matter with regard to regulatory uncertainty consistent with the prior year, and the reports did not contain statements under section 498(2) or (3) of the Companies Act 2006.

2. Seasonality of operations

The Group's profitability is particularly sensitive to sporting events that attract a large volume of stakes. Revenues in the online betting industry in the second and third quarter of the financial year are generally stronger than revenues in the first and fourth. The Group's operating results generally reflect this seasonality, but have also been impacted by other factors that are not necessarily seasonal including, the imposition of new regulatory taxes and general economic conditions. Consequently, the Group's quarterly operating results are not necessarily indicative of operating results for an entire year and historical operating results in a quarterly or annual period are not necessarily indicative of future performance.

3. Discontinued operations

On 21 July 2009, the Group's licensed Italian operation, Sportingbet Italia S.p.A., was sold to the local management team for a nominal consideration. Sportingbet Italia S.p.A. was acquired by the Group in May 2006, in anticipation of expected further liberalisation of the Italian online gaming regulation. This did not materialise and consequently Sportingbet Italia S.p.A. was loss making since acquisition.

Sportingbet Plc
Unaudited Notes to the Financial Information (Continued)
Nine Months Ended 30 April 2010

3. Discontinued operations (continued)

	3 months ended 30 April 2010 £m	3 months ended 30 April 2009 £m	9 months ended 30 April 2010 £m	9 months ended 30 April 2009 £m
Amounts wagered	-	5.5	-	11.9
Net gaming revenue	-	0.9	-	1.8
Administrative expenses	-	(1.3)	-	(2.9)
Operating loss	-	(0.4)	-	(1.1)
Taxation	-	-	-	-
Loss for the period from discontinued operations	-	(0.4)	-	(1.1)
	3 months ended 30 April 2010 £m	3 months ended 30 April 2009 £m	9 months ended 30 April 2010 £m	9 months ended 30 April 2009 £m
Loss after taxation	-	(0.4)	-	(1.1)
Depreciation	-	-	-	0.1
Bad debt provision movement	-	-	-	0.2
Operating cash flows before movements in working capital	-	(0.4)	-	(0.7)
(Increase)/ decrease in receivables	-	0.3	-	-
Increase/ (decrease) in payables	-	(0.4)	-	0.6
Cash generated by operations	-	(0.5)	-	(0.1)
Net cash from operating activities	-	(0.5)	-	(0.1)
Purchases of property, plant and equipment	-	-	-	0.4
Cash used in investing activities	-	-	-	0.4
Net cash from financing activities	-	-	-	-
Net decrease in cash and cash equivalents in the period	-	(0.5)	-	0.3
Cash and cash equivalents at beginning of period	-	1.6	-	1.1
Effect of foreign exchange rate changes	-	0.3	-	-
Cash and cash equivalents at end of period	-	1.4	-	1.4

Sportingbet Plc
Unaudited Notes to the Financial Information (Continued)
Nine months Ended 30 April 2010

4. Net gaming revenue

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

	3 months ended 30 April 2010 £m	3 months ended 30 April 2009 £m	9 months ended 30 April 2010 £m	9 months ended 30 April 2009 £m
Gaming revenue	59.8	48.5	170.9	139.1
Promotional bonuses	(4.1)	(5.6)	(14.0)	(14.6)
	55.7	42.9	156.9	124.5

5. Segment information

For management purposes, the Group is currently organised into three geographical regions – Europe, Australia and Emerging Markets. These operating divisions are the basis on which the Group reports its primary segment information.

The following tables present revenue and profit information and certain asset and liability information regarding the Group's business segments for the period to 30 April 2010 and 30 April 2009 (for the quarter and the year to date).

Emerging Markets refer to the Group's operations in Canada, Brazil and South Africa.

Sportingbet Plc
Unaudited Notes to the Financial Information (Continued)
Nine Months Ended 30 April 2010

5. Segment information (continued)

3 months to April 2010					Continuing operations	<i>Discontinued operations</i>
	Europe £m	Australia £m	Emerging Markets £m	Unallocated central costs £m	Total £m	Total £m
Amounts wagered	320.6	181.8	18.4	-	520.8	-
Net gaming revenue	44.2	10.4	1.1	-	55.7	-
Depreciation and software amortisation	(2.5)	(0.3)	-	(0.1)	(2.9)	-
Administrative expenses excluding exceptional items, share option charge and other amortisation	(29.6)	(5.9)	(0.9)	(5.2)	(41.6)	-
Group operating profit/ (loss) before exceptional items, share option charge and other amortisation	12.1	4.2	0.2	(5.3)	11.2	-
Other administrative expenses:						
> Exceptional items	-	-	-	-	-	-
> Share option charge	(0.2)	-	-	(0.1)	(0.3)	-
> Other amortisation	(0.5)	-	-	-	(0.5)	-
Total administrative expenses	(32.8)	(6.2)	(0.9)	(5.4)	(45.3)	-
Operating profit/(loss)	11.4	4.2	0.2	(5.4)	10.4	-
Balance sheet information						
Total assets	138.0	23.0	-	-	161.0	-
Total liabilities	(38.7)	(11.1)	-	-	(49.8)	-
Expenditure incurred to acquire property, plant and equipment and intangible assets	5.8	0.4			6.2	-

Sportingbet Plc
Unaudited Notes to the Financial Information (Continued)
Nine Months Ended 30 April 2010

5. Segment information (continued)

Management also review, revenue according to it's three principal areas of activity: sports betting, casino gaming and poker.

3 months to April 2010	Sports betting £m	Casino gaming £m	Poker rake £m	Total £m
Amounts wagered	506.9	12.3	5.7	524.9
Promotional bonuses	(2.2)	(0.7)	(1.2)	(4.1)
Net amounts wagered	504.7	11.6	4.5	520.8
Gaming revenue	41.8	12.3	5.7	59.8
Promotional bonuses	(2.2)	(0.7)	(1.2)	(4.1)
Net gaming revenue	39.6	11.6	4.5	55.7

3 months to April 2009	Europe £m	Australia £m	Emerging Markets £m	Unallocated central costs £m	Continuing operations Total £m	<i>Discontinued operations Total £m</i>
Amounts wagered	267.1	152.7	6.4	-	426.2	5.5
Net gaming revenue	38.2	3.9	0.8	-	42.9	0.9
Depreciation and software amortisation	(2.0)	(0.2)	-	(0.1)	(2.3)	-
Administrative expenses excluding exceptional items, share option charge and other amortisation	(24.0)	(3.5)	(0.7)	(2.2)	(30.4)	(1.3)
Group operating profit/ (loss) before exceptional items, share option charge and other amortisation	12.2	0.2	0.1	(2.3)	10.2	(0.4)
Other administrative expenses:						
> Exceptional items	-	-	-	-	-	-
> Share option charge	(0.4)	(0.2)	-	(0.4)	(1.0)	-
> Other amortisation	(0.5)	-	-	-	(0.5)	-
Total administrative expenses	(26.9)	(3.9)	(0.7)	(2.7)	(34.2)	(1.3)
Operating profit/(loss)	11.3	-	0.1	(2.7)	8.7	(0.4)
Balance sheet information						
Total assets	132.0	14.4	-	-	146.4	1.9
Total liabilities	(36.3)	(10.2)	-	-	(46.6)	(2.0)
Expenditure incurred to acquire property, plant and equipment and intangible assets	1.7	0.1	-	-	1.8	-

Sportingbet Plc
Unaudited Notes to the Financial Information (Continued)
Nine Months Ended 30 April 2010

5. Segment information (continued)

3 months to April 2009	Sports betting £m	Casino gaming £m	Poker rake £m	Total £m
Amounts wagered	415.2	10.8	5.8	431.8
Promotional bonuses	(3.9)	(0.9)	(0.8)	(5.6)
Net amounts wagered	411.3	9.9	5.0	426.2
Gaming revenue	31.9	10.8	5.8	48.5
Promotional bonuses	(3.9)	(0.9)	(0.8)	(5.6)
Net gaming revenue	28.0	9.9	5.0	42.9

Nine months to April 2010	Europe £m	Australia £m	Emerging Markets £m	Unallocated central costs £m	Continuing operations Total £m	<i>Discontinued operations Total £m</i>
Amounts wagered	883.2	557.8	45.3	-	1,486.3	-
Net gaming revenue	130.5	22.8	3.6	-	156.9	-
Depreciation and software amortisation	(6.9)	(0.7)	-	(0.3)	(7.9)	-
Administrative expenses excluding exceptional items, share option charge and other amortisation	(87.5)	(16.2)	(3.2)	(13.2)	(120.1)	-
Group operating profit/ (loss) before exceptional items, share option charge and other amortisation	36.1	5.9	0.4	(13.5)	28.9	-
Other administrative expenses:						
> Exceptional items	-	-	-	-	-	-
> Share option charge	(0.5)	(0.1)	-	(0.3)	(0.9)	-
> Other amortisation	(1.5)	-	-	-	(1.5)	-
Total administrative expenses	(96.4)	(17.0)	(3.2)	(13.8)	(130.4)	-
Operating profit/(loss)	34.1	5.8	0.4	(13.8)	26.5	-
Balance sheet information						
Total assets	138.0	23.0	-	-	161.0	-
Total liabilities	(38.7)	(11.1)	-	-	(49.8)	-
Expenditure incurred to acquire property, plant and equipment and intangible assets	17.0	1.3	-	-	18.3	-

Sportingbet Plc
Unaudited Notes to the Financial Information (Continued)
Nine Months Ended 30 April 2010

5. Segment information (continued)

9 months to April 2010	Sports betting £m	Casino gaming £m	Poker rake £m	Total £m
Amounts wagered	1,446.2	36.9	17.2	1,500.3
Promotional bonuses	(9.3)	(1.8)	(2.9)	(14.0)
Net amounts wagered	1,436.9	35.1	14.3	1,486.3
Gaming revenue	116.8	36.9	17.2	170.9
Promotional bonuses	(9.3)	(1.8)	(2.9)	(14.0)
Net gaming revenue	107.5	35.1	14.3	156.9

9 months to April 2009	Europe £m	Australia £m	Emerging Markets £m	Unallocated central costs £m	Continuing operations Total £m	<i>Discontinued operations Total £m</i>
Amounts wagered	707.0	461.4	18.5	-	1,186.9	11.9
Net gaming revenue	107.2	14.9	2.4	-	124.5	1.8
Depreciation and software amortisation	(5.1)	(0.5)	-	(0.4)	(6.0)	(0.1)
Administrative expenses excluding exceptional items, share option charge and other amortisation	(70.9)	(10.5)	(2.3)	(7.7)	(91.4)	(2.8)
Group operating profit/ (loss) before exceptional items, share option charge and other amortisation	31.2	3.9	0.1	(8.1)	27.1	(1.1)
Other administrative expenses:						
> Exceptional items	-	-	-	-	-	-
> Share option charge	(1.2)	(0.5)	-	(1.5)	(3.2)	-
> Other amortisation	(1.4)	-	-	-	(1.4)	-
Total administrative expenses	(78.6)	(11.5)	(2.3)	(9.6)	(102.0)	(2.9)
Operating profit/(loss)	28.6	3.4	0.1	(9.6)	22.5	(1.1)
Balance sheet information						
Total assets	132.0	14.4	-	-	146.4	1.9
Total liabilities	(36.3)	(10.2)	-	-	(46.6)	(2.0)
Expenditure incurred to acquire property, plant and equipment and intangible assets	6.7	0.7	-	-	7.3	0.2

Sportingbet Plc
Unaudited Notes to the Financial information (Continued)
Nine months ended 30 April 2010

5. Segment information (continued)

9 months to April 2009	Sports betting £m	Casino gaming £m	Poker rake £m	Total £m
Amounts wagered	1,151.8	32.7	17.0	1,201.5
Promotional bonuses	(10.3)	(2.0)	(2.3)	(14.6)
Net amounts wagered	1,141.5	30.7	14.7	1,186.9
Gaming revenue	89.4	32.7	17.0	139.1
Promotional bonuses	(10.3)	(2.0)	(2.3)	(14.6)
Net gaming revenue	79.1	30.7	14.7	124.5

6. Share option charge

	3 months to 30 April 2010 £m	3 months to 30 April 2009 £m	6 months to 30 April 2010 £m	6 months to 30 April 2009 £m
Share option charge	0.3	1.0	0.9	3.2
	0.3	1.0	0.9	3.2

7. Dividends paid

An interim dividend of 0.5p per share was paid on 31 March 2010 to shareholders on the register on 12 March 2010.

Sportingbet Plc
Unaudited Notes to the Financial Information (Continued)
Nine Months Ended 30 April 2010

8. Earnings per share

	3 months to 30 April 2010	Continuing 3 months to 30 April 2009	Discontinued 3 months to 30 April 2009	Total 2009
Profit/(loss) per ordinary share				
Basic	1.5p	1.8p	(0.1)p	1.7p
Diluted	1.4p	1.6p	(0.1)p	1.5p

**Adjusted earnings per ordinary share (before
exceptional items, share option charge and
amortisation)**

Basic	1.6p	2.1p	(0.1)p	2.0p
Diluted	1.6p	1.9p	(0.1)p	1.8p

The calculation of basic earnings per share is based on the profit/(loss) on ordinary activities after taxation attributable to shareholders of Sportingbet Plc and the weighted average number of shares in issue during the year.

Due to the size of non-cash items the Group has adjusted its earnings per ordinary share to exclude exceptional items, share option charge and amortisation:

	3 months to 30 April 2010	Continuing 3 months to 30 April 2009	Discontinued 3 months to 30 April 2009	Total 2009
	£m	£m	£m	£m
Basic earnings	7.5	8.6	(0.4)	8.2
Exceptional items	-	-	-	-
Share option charge	0.3	1.0	-	1.0
Amortisation	0.5	0.5	-	0.5
Adjusted earnings	8.3	10.1	(0.4)	9.7

	9 months to 30 April 2010	Continuing 9 months to 30 April 2010	Discontinued 9 months to 30 April 2009	Total 2009
Profit/(loss) per ordinary share				
Basic	4.7p	4.4p	(0.2)p	4.2p
Diluted	4.5p	4.0p	(0.2)p	3.8p

Adjusted earnings per ordinary share

**(before exceptional items, share option
charge and amortisation)**

Basic	5.1p	5.4p	(0.2)p	5.2p
Diluted	4.9p	4.9p	(0.2)p	4.7p

Sportingbet Plc
Unaudited Notes to the Financial Information (Continued)
Nine Months Ended 30 April 2010

8. Earnings per share (continued)

	9 months to 30 April 2010	Continuing 9 months to 30 April 2009	Discontinued 9 months to 30 April 2009	Total 2009
	£m	£m	£m	£m
Basic earnings	22.9	21.1	(1.1)	20.0
Exceptional items		-	-	-
Share option charge	0.9	3.2	-	3.2
Amortisation	1.5	1.4	-	1.4
Adjusted earnings	25.3	25.7	(1.1)	24.6

During the year the Group had the following weighted average number of shares in issue and potentially dilutive shares:

	3 months to 30 April 2010 No.	3 months to 30 April 2009 No.	9 months to 30 April 2010 No.	9 months to 30 April 2010 No.
Weighted average number of shares in issue	501,984,110	480,388,497	494,112,418	475,767,129
Employee share schemes	20,251,666	40,335,706	20,251,666	40,335,706
Contingent consideration	-	3,092,783	-	3,092,783
Fully diluted number of weighted average number of shares in issue	522,235,776	523,816,986	514,364,084	519,195,618

As at 30 April 2010 the Group had the following shares in issue and potentially dilutive shares:

	2010 No.	2009 No.
Number of shares in issue	502,018,144	480,568,111
Employee share schemes	20,251,666	40,335,706
Contingent consideration	-	3,092,783
Fully diluted number of shares in issue	522,269,810	523,996,600

9. Property, plant and equipment and other intangible assets

Additions to property, plant and equipment and software were £0.9m and £5.3m respectively during the quarter (2009: £0.4m and £1.4m), relating largely to software development and IT projects. For the nine month period, additions to property, plant and equipment and software were £9.3m and £9.0m respectively (2009: £2.9m and £4.6m). Significant capital expenditure to note over the last nine months include £5.2m in developing Europe trading software, £5.7m in disaster recovery costs and £3.9m in general IT costs.

In addition to Software, Other Intangible costs includes £8.3m capitalisation of the Belmond International Limited marketing contract.

10. Contingent liabilities

(a) From time to time the Group is subject to legal claims and actions. The Group takes legal advice as to the likelihood of success of the claims and actions and no provision or disclosure is made where the Directors feel, based on that advice, that action is unlikely to result in a material loss or a sufficiently reliable estimate of the potential obligation cannot be made.

As part of the ongoing operational risk assessment process adopted by the Group, there is continued monitoring of the legal and regulatory developments and their potential impact on the business. Appropriate advice continues to be taken in respect of these developments.

The Group as a whole has been impacted by the enactment of the Unlawful Internet Gambling Enforcement Act in the US, in October 2006. US resident customers potentially there remains a residual risk associated with the Group's historic US transactions.

There is uncertainty as to what actions, if any, may occur from the above noted events, and any impact as such action may have on the Group. However, the Board does not consider it probable that a material liability or a material impairment in the carrying value of assets will arise as a result of any potential action.

(b) The Group has been involved in arbitration proceedings related to certain contractual matters with Intertel Serveis Audiotext Sociedad Limitada, the Group's former marketing partner for the Spanish market. The arbitrator found in favour of the Group at the primary liability hearing which took place 23 February 2010.