



Sportingbet Plc

Unaudited results for the second quarter and half year ended 31 January 2011

Sportingbet Plc, a leading online sports betting and gaming group, announces its results for the second quarter and half year ended 31 January 2011.

Key highlights for the quarter

- Like for like* amounts wagered in Europe up 19%.
- Strong growth in Australia with NGR up 73% to 27% of Group sports NGR.
- Emerging Markets division growing fast, NGR up 67%.
- Mobile phone product now accounts for 10% of active customers.
- In:play growth of 27% - now 67% of European sports revenue (2009/10: 60%).
- Landmark sponsorship deal announced with Cheltenham Racecourse for its Queen Mother Champion Chase race until 2015.
- Russian joint venture: IT build commenced.
- Net cash of £25.5m (2009/10: £27.3m).
- Interim dividend up 20% to 0.6p per share (2009/10: 0.5p).

Financial highlights for the quarter

	Three months to 31 Jan 2011 £m	Three months to 31 Jan 2010 £m
Amounts wagered	555.3	502.3
Net revenue	56.8	52.6
EBITDA**	14.5	13.6

Financial highlights for the first half

	Six months to 31 Jan 2011 £m	Six month to 31 Jan 2010 £m
Amounts wagered	1,069.2	965.5
Net revenue	107.9	101.2
EBITDA**	25.8	23.3
Adjusted operating profit**	19.6	18.3
Group operating profit**	18.2	16.7
Adjusted diluted EPS** (p)	3.7	3.4
Diluted EPS** (p)	3.5	3.1
EPS (p)	3.6	3.3
DPS (p)	0.6	0.5

* Excluding discontinued territories and at constant currency.

** Adjusted to exclude share option charge, exceptional costs, amortisation and prior year listing costs.

Andrew McIver, Group Chief Executive, commented:

“Strong growth in Australia, Emerging Markets and Turkey more than offset the recessionary weakness of Europe, particularly notable in our larger markets of Greece and Spain. Once again this demonstrates the attractiveness of a geographically diverse operation.

EBITDA in the quarter increased from £13.6m to £14.5m, despite European sports margin being below its long term average. For both the quarter and the half, operating profit was ahead of last year and in line with management expectations.

We continue to monitor regulatory developments closely and look forward to taking full advantage of opportunities as markets regulate. Our experience in such markets is that whilst there is a short term impact from tax on existing profitability, this recovers as regulated markets grow disproportionately. Over and above that you gain the benefit of the continuity of future revenue streams that regulation brings.

The compelling underlying growth fundamentals of the industry, based on ever increasing broadband penetration and customer confidence in transacting over the internet and mobile, coupled with exciting opportunities as the industry consolidates and markets regulate gives us confidence, even in these recessionary times, about the continued growth prospects of our business.

The third quarter has started well and in particular we have seen a rebound in the softer European margin experienced in the second quarter.”

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Sportingbet Plc

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There is a presentation for analysts and investors today at 09.30 at the City Presentation Centre, 4 Chiswell Street, London, EC1Y 4UP. 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.

OVERVIEW

The Group has continued to perform well during its second quarter (November, December and January). This quarter is one of the busiest for sports betting with full football programmes across all European leagues and the two busiest months for Australian horseracing. Sport remains the dominant focus of the business, representing 71% of net gaming revenue (“NGR”).

Within sports, football continues to drive underlying growth, with in:play basketball, volleyball and handball also delivering particularly strong results during the quarter. These sports are already benefitting from the significant expansion of the live streaming service which was introduced on 1 January 2011. Our expanded offering means that customers will be able to watch over 8,500 different live sporting events this year while at the same time placing bets. Aligned with this are investments to further strengthen our in:play market offering, with “instant” markets proving to be popular with customers. With over 200 in:play markets now available during an individual football match, the coming quarters will see the introduction of similarly exciting markets on a number of other sports.

The rollout of the Group’s mobile phone offering has been very encouraging since its launch nine months ago. Actives now account for 10% of total customers. The roll out is expected to gather speed in quarter three with another four domains expected to be launched imminently. The take up of the mobile product is expected to continue to grow significantly as smart phone penetration, a key driver in uptake, is expected to reach over 50% in the UK over the next three years. Countries such as Italy and Spain are anticipated to have even higher smart phone penetration, with Germany following closely behind.

Geographically, strong growth in Australia and the Emerging Markets division has more than offset some weakness seen in Spain and in particular Greece, where the well publicised difficult economic conditions persist. The Group continues to look for opportunities outside the European economic cycle. Over recent years, the Group has reduced its dependence on Europe to 77% of NGR by investing in its Australian and Emerging Markets businesses. It is hoped that the recent Russian joint venture will reduce this European exposure further still.

FINANCIAL RESULTS

Second quarter ended 31 January 2011

Amounts wagered for the quarter ended 31 January 2011 were up 11% at £555.3m (2009/10: £502.3m). NGR of £55.7m (2009/10: £52.6m), was up 6% on prior year. Following the Group’s withdrawal from France and Norway, the underlying growth rate at constant currency in amounts wagered and NGR was 9% and 11% respectively.

Amounts wagered on sports betting grew by 12% to £540.0m (2009/10: £484.3m), earning NGR of £40.4m (2009/10: £34.6m), up 17% for the quarter. Casino and games fell 6% to £11.7m due to a decline in the amounts wagered from Greece, where economic conditions have affected our business. Poker contributed £3.6m (2009/10 £5.6m), down 36%, as economic conditions affected our players and our product has proved uncompetitive compared to the poker sites that still accept US based players.

As a percentage of amounts wagered, the European and Australian sports NGR, after deducting customer bonuses, was 8.7% and 5.4% respectively (2009/10: 9.7% and 3.3%).

Costs (excluding share option charge, amortisation and prior year listing costs) in the quarter were £45.4m (2009/10: £41.4m), accounting for 79.9% of NGR (2009/10: 78.7%). The operating margin was 20.1% (2009/10: 21.3%).

Operating profit (before share option charge, amortisation and prior year listing costs) for the quarter was £11.4m (2009/10: £11.2m).

Earnings before interest, tax, depreciation and amortisation (before share option charge and prior year listing costs) increased 6.6% to £14.5m (2009/10: £13.6m).

Operating profit after the share option charge of £0.2m (2009/10: £0.3m) and amortisation of other intangible assets of £0.5m (2009/10: £0.5m) was £10.7m (2009/10: £10.4m).

Interest income amounted to £0.5m (2009/10: £0.2m). Net finance income was £0.4m (2009/10: £nil).

Corporation tax increased to £1.1m (2009/10: £0.5m) as a result of higher profits from Australia.

Adjusted basic earnings per share (before share option charge, amortisation and prior year listing costs), was 2.1p (2009/10: 2.1p). Adjusted diluted earnings per share (before share option charge, amortisation and prior year listing costs), was 2.1p (2009/10: 2.1p). Basic Group statutory earnings per share was 2.0p (2009/10: 2.0p).

Half year ended 31 January 2011

Amounts wagered for the first half ended 31 January 2011 were up 11% at £1,069.2m (2009/10: £965.5m). NGR of £106.8m (2009/10: £101.2m) was up 6% on prior year. Total revenue of £107.9m (2009/10: £101.2m) was up 7% on prior year.

Profit before taxation for the period was up 20% at £19.6m (2009/10: £16.3m). Profit after taxation was up 16% at £17.9m (2009/10: £15.4m).

Basic earnings per share was 3.6p (2009/10: 3.2p) up 12%. Diluted earnings per share was 3.5p (2009/10: 3.1p) up 13%.

As at 31 January 2011, the Group had £54.4m (2009/10: £54.2m) of cash and liquid resources on its balance sheet. After taking into account £21.1m (2009/10: £19.9m) of customer liabilities, £4.0m (2009/10: £4.0m) of bank loans secured on residential properties in the Channel Islands and £3.8m (2009/10: £3.0m) of finance leases, net cash at the period end stood at £25.5m (2009/10: £27.3m). During the first quarter period, \$15m was paid to the US Authorities, being the first instalment due under the Non-Prosecution Agreement.

REVIEW OF OPERATIONS

Europe

The European business (incorporating the financial results for the Emerging Markets division) continues to grow in the second quarter to 31 January 2011, with the amounts wagered on sports increasing by 16% to £337.7m (2009/10: £292.4m). The European business (excluding the Emerging Markets division) saw good underlying growth in amounts wagered of 19% at constant currency and excluding our discontinued businesses in France and Norway. The Emerging Markets division saw excellent growth of 76% in total

amounts wagered as South Africa, and particularly those in South America, performed strongly.

Sports NGR rose by 4% to £29.5m (2009/10: £28.3m). The relatively low rise in NGR compared to amounts wagered is due to the lower sports margin (after deducting customer bonuses) of 8.7% (2009/10: 9.7%), as the overall results favoured customers in the quarter. At constant currency and excluding France and Norway, Sports NGR rose by 8%. The NGR derived from Emerging Markets rose 67%.

The second quarter saw continued casino product development with the roll out of over 20 new games from a wide range of suppliers. These included a range of networked progressive jackpot games from Net Entertainment, the largest of which currently stands at over four million Euros. It also included a suite of branded games from suppliers such as CryptoLogic and Endemol. Sportingbet also launched its first bingo product, which went live in the second quarter in Spain. However, casino and games revenue fell by 6% to £11.7m (2009/10: £12.4m) due to the difficult economic conditions in markets such as Spain and, in particular, Greece.

During the period the European region generated poker rake, post customer bonus deductions, of £3.6m, down 36% (2009/10: £5.6m). Poker now accounts for 8% of Group revenue. The poker market remains challenging as the environment is very competitive due to the large US-facing companies continuing to utilise their significant US cash flows and high liquidity to aggressively target the European region.

In November last year, we announced an exclusive five year joint venture with First International Bookmakers Company ("FIBC"), one of Russia's largest licensed bookmakers. FIBC trade under one of the country's most recognised betting brands, Liga Stavok. Sportingbet will provide online services to complement Liga Stavok's existing and fast growing retail operation. The IT build has commenced and the project is progressing in line with the original plan. The fast growing Russian market is an exciting opportunity and is an excellent fit with the Group's strategy of building geographical diversity, particularly in regions outside the European economic cycle.

Australia

Amounts wagered in Australia for the second quarter ended 31 January 2011 increased by 5% to £202.3m (2009/10: £191.9m).

NGR rose 73% to £10.9m (2009/10: £6.3m), which at constant currency was a 58% rise. The sports margin rose from 3.3% to 5.4% as the higher margin internet proportion of the business increased and sports results normalised compared to the prior year.

The Australian market is the Group's main experience of a division moving from a non-regulated business to a regulated one. In September 2008 the individual Australian States dropped their advertising bans and progressively imposed gaming taxes. As the advertising restrictions were lifted and taxes were imposed, the profitability of the existing business dropped in the first year by 31%. However, the higher profile created by the advertising saw amounts wagered over the internet rise by 39% over the same period. This was undoubtedly aided by having an existing strong brand in the country before regulation was introduced. Despite increased competition from new entrants into the market and an improved product offer by the TABs, Australia's existing major gambling businesses, the business has enjoyed high levels of NGR growth and is now running at a higher level of profitability than previously. Over the two and a half year years since the new regulations

were introduced the Group has seen the internet business NGR grow by 136% with a growth rate over the last six months of 31% in constant currency.

As an added benefit the internet business, being focused on other sports as well as horse racing, and being more recreational in nature, has an inherently higher margin of around 6% after betting taxes. This compares favourably with the 4% margin historically achieved by the high roller telephone betting business. Consequently the underlying average margin earned by the Australian division has progressively climbed over that period.

In Australia, the Group continues to develop its business through both product and marketing initiatives. In addition, the launch of an Australian mobile phone application is proving very popular with customers.

REGULATORY UPDATE

The Group welcomes the general move in Europe towards greater regulation as it ultimately provides greater certainty about continuity of future revenue streams. We intend to apply for a licence wherever a stable regulated environment with an equitable tax system exists, as long as the market is economically viable for Sportingbet and the rules are enforced.

There has been significant progress over the last three months towards regulation in two of the Group's key markets, Greece and Spain. Both countries have published draft legislation which indicates that they intend to regulate their markets, with the timing of enactment likely to be late 2011 and early 2012 respectively. Whilst there can be no certainty about the timing or eventual shape of any proposals, we are encouraged by the shape of the draft legislation. Given our market leading position it is our intention to apply for licences in both countries.

Whilst there can be no certainty over the ultimate impact on profitability of regulation in these two countries, where we are a brand leader in a market we are confident that the medium term outlook will be very positive. In particular we note our experience in Australia where in late 2008 advertising restrictions were removed in return for paying additional taxes. Whilst this resulted in an inevitable immediate reduction in profitability, within two years this had fully recovered despite the significant increases in both tax and advertising costs.

That said, the short-term impact of the imminent Greek regulation on our profits is difficult to predict given the uncertainty over the legislation, the degree to which it is enforced and the response of competitors. However, taking into account the current draft regulations, our Australian experience and the market dynamics, this suggests to us that we may be exposed to an initial drop in our Greek contribution of circa £4m in the first twelve months after the regulation comes into force. Based on our experience in Australia we would anticipate a recovery to at least the former level of profitability in subsequent periods.

In the case of both Greece and Spain we would also anticipate additional benefits to flow from improved customer deposit options provided by a regulated environment.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks of the Group are unchanged from those published in the 2009/10 Annual Report.

DIVIDEND

In line with our progressive dividend policy an interim dividend of 0.6p (2009/10: 0.5p) per share is to be paid on 31 March 2011 to shareholders on the register on 11 March 2011.

OUTLOOK

The third quarter has started well and in particular, we have seen a rebound in the softer European sports margin experienced in the second quarter.

Whilst individual territories or products may face challenges, the Group is well positioned to move forward due to its broad product range and diverse geographic spread of business. The long-term growth prospects of the industry combined with our constantly expanding product offering give us confidence as to the Group's future growth and the Board remain confident for the remainder of the year.

Sportingbet Plc
Directors' Responsibility Statement

The Directors confirm that to the best of their knowledge:

- (a) The condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union;
- (b) The interim management report includes a fair review of developments and performance of the business that have occurred during the first half of the financial period and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face, as required by DTR 4.2.7; and
- (c) There have been no related party transactions during the first half of the financial period and there have been no changes to the related party transactions described in the 2009/10 Annual Report. This provides a fair review as required by DTR 4.2.8.

This statement is in accordance with DTR 6.3 to cover our dissemination requirements.

The Directors of Sportingbet Plc are listed in the Sportingbet Annual Report for the year ended 31 July 2010 and a list of current Directors is also maintained on the Sportingbet Plc website: www.sportingbetplc.com. A copy of this announcement is available on the Sportingbet Plc website: www.sportingbetplc.com.

On behalf of the Board,

J Wilkinson
Group Finance Director
24 February 2011

Disclaimer

This announcement does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for any securities of The Sportingbet Group Plc (the "Company"). Neither this announcement nor the fact of its distribution constitutes a recommendation regarding any securities.

Certain statements, beliefs and opinions contained in this announcement, particularly those regarding the possible or assumed future financial or other performance of the Company, industry growth or other trend projections, are or maybe forward-looking statements. Forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "plans", "goal", "target", "aim", "may", "will", "would", "could", or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and maybe beyond the Company's ability to control or predict. Forward-looking statements are not guarantees of future performance. No representation is made that any of these statements of forecasts will come to pass or that any forecast result will be achieved.

Neither the Company, nor any of its associates or Directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. You are cautioned not to place undue reliance on these forward-looking statements.

Other than in accordance with its legal or regulatory obligations (including under the UK Listing Rules and the Disclosure and Transparency Rules of the Financial Services Authority), the Company is not under any obligation and the Company expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

No statement in this announcement is intended as a profit forecast or a profit estimate and no statement in the announcement should be interpreted to mean that earning per Sportingbet share for the current or future financial years would necessarily match or exceed the historical earnings published per Sportingbet share.

Certain data in this announcement, including financial, statistical and operating information, has been rounded. As a result of such rounding, the totals of data presented in this announcement may vary slightly from the actual arithmetic totals of such data. Percentages in tables have been rounded and accordingly may not add up to 100%.

Sportingbet Plc
Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income
Six months ended 31 January 2011

	Notes	Three months to 31 Jan 2011 £m	Three months to 31 Jan 2010 £m	Listing costs £m	Three months to 31 Jan 2010 £m	Six months to 31 Jan 2011 £m	Six months to 31 Jan 2010 £m	Listing costs £m	Six months to 31 Jan 2010 £m
Amounts wagered	4	555.3	502.3	-	502.3	1,069.2	965.5	-	965.5
Net gaming revenue	3	55.7	52.6	-	52.6	106.8	101.2	-	101.2
Other operating revenue		1.1	-	-	-	1.1	-	-	-
Total revenue	4	56.8	52.6	-	52.6	107.9	101.2	-	101.2
Administrative expenses before share option charge and amortisation of intangible assets		(45.4)	(41.4)	(0.6)	(42.0)	(88.3)	(82.9)	(0.6)	(83.5)
Group operating profit before share option charge and amortisation of intangible assets		11.4	11.2	(0.6)	10.6	19.6	18.3	(0.6)	17.7
Other administrative expenses:									
• Share option charge	5	(0.2)	(0.3)	-	(0.3)	(0.5)	(0.6)	-	(0.6)
• Amortisation of other intangible assets		(0.5)	(0.5)	-	(0.5)	(0.9)	(1.0)	-	(1.0)
Total admin expenses		(46.1)	(42.2)	(0.6)	(42.8)	(89.7)	(84.5)	(0.6)	(85.1)
Group operating profit		10.7	10.4	(0.6)	9.8	18.2	16.7	(0.6)	16.1
Finance income		0.5	0.2	-	0.2	1.5	0.4	-	0.4
Finance costs		(0.1)	(0.2)	-	(0.2)	(0.1)	(0.2)	-	(0.2)
Profit before taxation		11.1	10.4	(0.6)	9.8	19.6	16.9	(0.6)	16.3
Taxation		(1.1)	(0.5)	-	(0.5)	(1.7)	(0.9)	-	(0.9)
Profit after tax		10.0	9.9	(0.6)	9.3	17.9	16.0	(0.6)	15.4
Profit attributable to the owners of the parent		10.0	9.9	(0.6)	9.3	17.9	16.0	(0.6)	15.4
Other comprehensive income:									
- Amounts initially recycled to equity under designated cash flow hedges		0.4	0.2	-	0.2	(0.3)	(0.3)	-	(0.3)
- Amounts recycled to the income statement to match the hedged items		(0.3)	0.1	-	0.1	(1.2)	(0.1)	-	(0.1)
- Exchange differences on translation of foreign operations		-	-	-	-	0.1	1.0	-	1.0
Total comprehensive income for the period attributable to the owners of the parent		10.1	10.2	(0.6)	9.6	16.5	16.6	(0.6)	16.0
Profit per ordinary share	7								
Basic		2.0p	2.0p	(0.1)p	1.9p	3.6p	3.3p	(0.1)p	3.2p
Diluted		1.9p	1.9p	(0.1)p	1.8p	3.5p	3.1p	(0.1)p	3.0p

Sportingbet Plc
Unaudited Consolidated Balance Sheet
As at 31 January 2011

	Notes	31 Jan 2011 Unaudited £m	31 Jan 2010 Unaudited £m	31 July 2010 Audited £m
Non-current assets				
Goodwill		41.6	41.4	41.5
Other intangible assets		25.0	17.3	21.8
Property, plant and equipment	8	27.1	26.9	27.1
Deferred tax asset		2.1	1.6	2.0
		95.8	87.2	92.4
Current assets				
Trade and other receivables		16.0	14.3	12.6
Cash and cash equivalents		54.4	54.2	58.9
Derivative asset		-	0.6	1.3
		70.4	69.1	72.8
Current liabilities				
Trade and other payables		(51.0)	(44.4)	(54.4)
Interest bearing loans and borrowings		(5.7)	(7.1)	(5.3)
Derivative liability		(0.1)	-	-
		(56.8)	(51.5)	(59.7)
Net current assets		13.6	17.6	13.1
Non-current liabilities				
Trade and other payables		(3.8)	-	(11.6)
Obligations under finance leases		(2.1)	-	(1.2)
		(5.9)	-	(12.8)
Net assets		103.5	104.8	92.7
Equity				
Issued share capital	7	0.5	0.5	0.5
Share premium		60.0	59.4	59.9
Retained earnings		41.4	44.9	30.8
Foreign exchange reserve		1.6	-	1.5
Total equity		103.5	104.8	92.7

Sportingbet Plc
Unaudited Consolidated Statement of Changes in Equity
Six months ended 31 January 2011

	Issued share capital £m	Share premium account £m	Profit and loss account £m	Foreign exchange reserve £m	Total £m
As at 1 August 2009	0.5	59.4	33.3	-	93.2
Employee share options	-	0.5	(0.6)	-	(0.1)
Share option charge	-	-	1.1	-	1.1
Dividends paid	-	-	(7.5)	-	(7.5)
Profit for the year	-	-	3.9	-	3.9
Hedging reserve	-	-	0.6	-	0.6
Foreign currency exchange	-	-	-	1.5	1.5
As at 1 August 2010	0.5	59.9	30.8	1.5	92.7
Employee share options	-	-	(0.5)	-	(0.5)
Share option charge	-	-	0.5	-	0.5
Dividends paid	-	-	(5.6)	-	(5.6)
Profit for the period	-	-	17.9	-	17.9
Hedging reserve	-	-	(1.6)	-	(1.6)
Foreign currency exchange	-	-	-	0.1	0.1
As at 31 January 2011	0.5	59.9	41.5	1.6	103.5

Sportingbet Plc
Unaudited Consolidated Statement of Cash Flows
Six months ended 31 January 2011

	Three months to 31 Jan 2011 £m	Three months to 31 Jan 2010 £m	Six months to 31 Jan 2011 £m	Six months to 31 Jan 2010 £m
Group profit after taxation	10.0	9.3	17.9	15.4
Depreciation	1.2	1.4	2.3	2.6
Software amortisation	1.9	1.0	3.9	2.4
Other amortisation	0.5	0.5	0.9	1.0
Share option charge	0.2	0.3	0.5	0.6
Finance income	(0.4)	-	(1.4)	(0.2)
Taxation	1.1	0.5	1.7	0.9
Operating cash flows before movements in working capital	14.5	13.0	25.8	22.7
Decrease/(increase) in receivables	1.6	5.6	(3.0)	(0.8)
(Decrease)/increase in payables	(2.8)	(1.7)	(12.5)	4.1
Cash generated by operations	13.3	16.9	10.3	26.0
Income tax paid	(1.2)	(1.1)	(1.3)	(1.9)
Net cash from operating activities	12.1	15.8	9.0	24.1
Purchases of property, plant and equipment	(0.9)	(3.7)	(2.1)	(8.5)
Purchases of software	(4.5)	(1.0)	(7.9)	(3.6)
Acquisitions	(0.1)	(0.1)	(0.1)	(0.6)
Interest received	0.1	-	0.2	0.2
Cash used in investing activities	(5.4)	(4.8)	(9.9)	(12.5)
Exercise of share options	(0.1)	-	(0.6)	-
Issued share capital	0.1	-	0.2	-
Finance leases	(0.1)	(0.3)	1.3	3.0
Movement in reserves due to hedging	-	(0.4)	-	(0.4)
Dividends paid	(5.6)	(5.0)	(5.6)	(5.0)
Net cash used in financing activities	(5.7)	(5.7)	(4.7)	(2.4)
Net increase in cash and cash equivalents in the period	1.0	5.3	(5.6)	9.2
Cash and cash equivalents at beginning of period	53.1	48.6	58.9	44.3
Effect of foreign exchange rate changes	0.3	0.3	1.1	0.7
Cash and cash equivalents at end of period	54.4	54.2	54.4	54.2

Sportingbet Plc
Unaudited Notes to the Financial Information
Six months ended 31 January 2011

1. Basis of preparation

The unaudited financial information provided is for the quarter and half year ended 31 January 2011.

The unaudited financial information has been prepared in accordance with applicable International Financial Reporting Standards ('IFRSs') as adopted by the European Union that are effective for the quarter ending 31 January 2011. The Group complies with IAS 34 in the presentation of the half yearly financial information.

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 July 2010, as described in those financial statements. The condensed consolidated set of financial statements included in this report do not constitute statutory accounts, and have not been reviewed by the statutory auditor. The 2009/10 Annual Report, which includes the statutory accounts for the year ended 31 July 2010 has been delivered to the Registrar of Companies and is also available from the Group's website. The auditor's report on those statutory accounts was unqualified.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of this financial information. The principal risks and uncertainties faced by the Group have not changed significantly since the 2009/10 Annual Report was published, and still continue to represent risks during the remaining six months of the financial year.

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. Net gaming revenue

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

	Three months to 31 Jan 2011 £m	Three months to 31 Jan 2010 £m	Six months to 31 Jan 2011 £m	Six months to 31 Jan 2010 £m
Gaming revenue	62.5	57.7	118.8	111.1
Promotional bonuses	(5.7)	(5.1)	(10.9)	(9.9)
	56.8	52.6	107.9	101.2

Sportingbet Plc
Unaudited Notes to the Financial Information (Continued)
Six months ended 31 January 2011

4. Operating segments

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

The following tables present revenue and profit information and certain asset and liability information regarding the Group's business segments for the period to 31 January 2011 and 31 January 2010 (for the quarter and the year to date).

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

3 months to January 2011	Europe £m	Australia £m	Emerging Markets £m	Unallocated central costs £m	Total £m
Net amounts wagered	326.4	202.3	26.6	-	555.3
Net revenue	43.9	10.9	2.0	-	56.8
Depreciation	(2.6)	(0.4)	-	(0.1)	(3.1)
Administrative expenses before share option charge and amortisation of intangible assets	(30.8)	(6.7)	(1.8)	(3.0)	(42.3)
Group operating profit before share option charge and amortisation of intangible assets	10.5	3.8	0.2	(3.1)	11.4
Other administrative expenses:					
• Share option charge	(0.1)	-	-	(0.1)	(0.2)
• Other amortisation	(0.5)	-	-	-	(0.5)
Total administrative expenses	(34.0)	(7.1)	(1.8)	(3.2)	(46.1)
Operating profit/(loss)	9.9	3.8	0.2	(3.2)	10.7
Finance income	0.4	0.1	(0.1)	-	0.4
Taxation	(0.1)	(1.0)	-	-	(1.1)
Profit/(loss) for the period	10.2	2.9	0.1	(3.2)	10.0
Balance sheet information					
Total assets	139.6	26.6	-	-	166.2
Total liabilities	(53.9)	(8.8)	-	-	(62.7)
Expenditure incurred to acquire property, plant and equipment and intangible assets	4.7	0.7	-	-	5.4

Management also review revenue according to its three principal products: sports betting, casino gaming and poker.

Sportingbet Plc
Unaudited Notes to the Financial Information (Continued)
Six months ended 31 January 2011

4. Operating segments (continued)

3 months to January 2011	Sports betting £m	Casino gaming £m	Poker rake £m	Other £m	Total £m
Amounts wagered	543.3	13.0	4.7	-	561.0
Promotional bonuses	(3.3)	(1.3)	(1.1)	-	(5.7)
Net amounts wagered	540.0	11.7	3.6	-	555.3
Revenue	43.7	13.0	4.7	1.1	62.5
Promotional bonuses	(3.3)	(1.3)	(1.1)	-	(5.7)
Net revenue	40.4	11.7	3.6	1.1	56.8

3 months to January 2010	Europe £m	Australia £m	Emerging Markets £m	Unallocated central costs £m	Total £m
Net amounts wagered	295.3	191.9	15.1	-	502.3
Net revenue	45.1	6.3	1.2	-	52.6
Depreciation	(2.1)	(0.2)	-	(0.1)	(2.4)
Administrative expenses before share option charge and amortisation of intangible assets	(29.1)	(5.0)	(0.9)	(4.6)	(39.6)
Group operating profit before share option charge and amortisation of intangible assets	13.9	1.1	0.3	(4.7)	10.6
Other administrative expenses:					
• Share option charge	(0.2)	-	-	(0.1)	(0.3)
• Other amortisation	(0.5)	-	-	-	(0.5)
Total administrative expenses	(31.9)	(5.2)	(0.9)	(4.8)	(42.8)
Operating profit/(loss)	13.2	1.1	0.3	(4.8)	9.8
Finance income	-	-	-	-	-
Taxation	(0.1)	(0.4)	-	-	(0.5)
Profit/(loss) for the period	13.1	0.7	0.3	(4.8)	9.3
Balance sheet information					
Total assets	137.2	19.1	-	-	156.3
Total liabilities	(42.0)	(9.5)	-	-	(51.5)
Expenditure incurred to acquire property, plant and equipment and intangible assets	4.4	0.3	-	-	4.7

Sportingbet Plc
Unaudited Notes to the Financial Information (Continued)
Six months ended 31 January 2011

4. Operating segments (continued)

3 months to January 2010	Sports betting £m	Casino gaming £m	Poker rake £m	Total £m
Amounts wagered	488.0	12.9	6.5	507.4
Promotional bonuses	(3.7)	(0.5)	(0.9)	(5.1)
Net amounts wagered	484.3	12.4	5.6	502.3
Revenue	38.3	12.9	6.5	57.7
Promotional bonuses	(3.7)	(0.5)	(0.9)	(5.1)
Net revenue	34.6	12.4	5.6	52.6

6 months to January 2011	Europe £m	Australia £m	Emerging Markets £m	Unallocated central costs £m	Total £m
Net amounts wagered	610.5	406.5	52.2	-	1,069.2
Net revenue	84.1	19.4	4.4	-	107.9
Depreciation	(5.3)	(0.8)	-	(0.2)	(6.3)
Administrative expenses before share option charge and amortisation of intangible assets	(58.2)	(14.1)	(3.0)	(6.7)	(82.0)
Group operating profit before share option charge and amortisation of intangible assets	20.6	4.5	1.4	(6.9)	19.6
Other administrative expenses:					
• Share option charge	(0.2)	-	-	(0.3)	(0.5)
• Other amortisation	(0.9)	-	-	-	(0.9)
Total administrative expenses	(64.6)	(14.9)	(3.0)	(7.2)	(89.7)
Operating profit/(loss)	19.5	4.5	1.4	(7.2)	18.2
Finance income	0.4	0.2	(0.1)	0.9	1.4
Taxation	(0.2)	(1.5)	-	-	(1.7)
Profit/(loss) for the period	19.7	3.2	1.3	(6.3)	17.9
Balance sheet information					
Total assets	139.6	26.6	-	-	166.2
Total liabilities	(53.9)	(8.8)	-	-	(62.7)
Expenditure incurred to acquire property, plant and equipment and intangible assets	8.8	1.2	-	-	10.0

Sportingbet Plc
Unaudited Notes to the Financial Information (Continued)
Six months ended 31 January 2011

4. Operating segments (continued)

6 months to January 2011	Sports betting £m	Casino gaming £m	Poker rake £m	Other £m	Total £m
Amounts wagered	1,046.4	24.7	9.0	-	1,080.1
Promotional bonuses	(6.8)	(2.2)	(1.9)	-	(10.9)
Net amounts wagered	1,039.6	22.5	7.1	-	1,069.2
Revenue	84.0	24.7	9.0	1.1	118.8
Promotional bonuses	(6.8)	(2.2)	(1.9)	-	(10.9)
Net revenue	77.2	22.5	7.1	1.1	107.9

6 months to January 2010	Europe £m	Australia £m	Emerging Markets £m	Unallocated central costs £m	Total £m
Net amounts wagered	562.6	376.0	26.9	-	965.5
Net revenue	86.3	12.4	2.5	-	101.2
Depreciation	(4.4)	(0.4)	-	(0.2)	(5.0)
Administrative expenses before share option charge and amortisation of intangible assets	(57.9)	(10.3)	(2.3)	(8.0)	(78.5)
Group operating profit before share option charge and amortisation of intangible assets	24.0	1.7	0.2	(8.2)	17.7
Other administrative expenses:					
• Share option charge	(0.3)	(0.1)	-	(0.2)	(0.6)
• Other amortisation	(1.0)	-	-	-	(1.0)
Total administrative expenses	(63.6)	(10.8)	(2.3)	(8.4)	(85.1)
Operating profit/(loss)	22.7	1.6	0.2	(8.4)	16.1
Finance income	-	0.1	-	0.1	0.2
Taxation	(0.2)	(0.7)	-	-	(0.9)
Profit/(loss) for the period	22.5	1.0	0.2	(8.3)	15.4
Balance sheet information					
Total assets	137.2	19.1	-	-	156.3
Total liabilities	(42.0)	(9.5)	-	-	(51.5)
Expenditure incurred to acquire property, plant and equipment and intangible assets	11.1	1.0	-	-	12.1

Sportingbet Plc
Unaudited Notes to the Financial information (Continued)
Six months ended 31 January 2011

4. Operating segments (continued)

6 months to January 2010	Sports betting £m	Casino gaming £m	Poker rake £m	Total £m
Amounts wagered	939.3	24.6	11.5	975.4
Promotional bonuses	(7.1)	(1.1)	(1.7)	(9.9)
Net amounts wagered	932.2	23.5	9.8	965.5
Revenue	75.0	24.6	11.5	111.1
Promotional bonuses	(7.1)	(1.1)	(1.7)	(9.9)
Net revenue	67.9	23.5	9.8	101.2

5. Share option charge

	Three months to 31 Jan 2011 £m	Three months to 31 Jan 2010 £m	Six months to 31 Jan 2011 £m	Six months to 31 Jan 2010 £m
Share option charge	0.2	0.3	0.5	0.6
	0.2	0.3	0.5	0.6

6. Dividends paid

An interim dividend of 1.1p per share was paid on 11 January 2011 to ordinary shareholders registered on 17 December 2010.

Sportingbet Plc
Unaudited Notes to the Financial Information (Continued)
Six months ended 31 January 2011

7. Earnings per share

	Three months to 31 Jan 2011	Three months to 31 Jan 2010	Six months to 31 Jan 2011	Six months to 31 Jan 2010
Profit per ordinary share				
Basic	2.0p	1.9p	3.6p	3.2p
Diluted	1.9p	1.8p	3.5p	3.0p
Adjusted earnings per ordinary share (before exceptional items, share option charge and amortisation)				
Basic	2.1p	2.0p	3.8p	3.4p
Diluted	2.1p	2.0p	3.7p	3.3p

The calculation of basic earnings per share is based on the profit 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.

	Three months to 31 Jan 2011 £m	Three months to 31 Jan 2010 £m	Six months to 31 Jan 2011 £m	Six months to 31 Jan 2010 £m
Basic earnings	10.0	9.3	17.9	15.4
Share option charge	0.2	0.3	0.5	0.6
Amortisation	0.5	0.5	0.9	1.0
Adjusted earnings	10.7	10.1	19.3	17.0

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

	Three months to 31 Jan 2011 No.	Three months to 31 Jan 2010 No.	Six months to 31 Jan 2011 No.	Six months to 31 Jan 2010 No.
Weighted average number of shares in issue	504,821,839	496,484,043	503,499,585	490,299,558
Employee share schemes	15,157,091	20,254,115	15,157,091	20,254,115
Fully diluted number of weighted average number of shares in issue	519,978,930	516,738,158	518,656,676	510,553,673

Sportingbet Plc
Unaudited Notes to the Financial Information (Continued)
Six months ended 31 January 2011

7. Earnings per share (continued)

As at 31 January 2011 the Group had the following shares in issue and potentially dilutive shares:

	31 January 2011	31 January 2010
	No.	No.
Number of shares in issue	505,781,224	501,496,885
Employee share schemes	15,157,091	20,254,115
Fully diluted number of shares in issue	520,938,315	521,751,000

8. Property, plant and equipment and software

Additions to property, plant and equipment and software were £0.9m and £4.5m respectively during the quarter (2009/10: £3.7m and £1.0m), relating largely to software development and IT projects. For the six month period, additions to property, plant and equipment and software were £2.1m and £7.9m respectively (2009/10: £8.5m and £3.6m).

9. Related parties

There have been no related party transactions during the quarter and the half year to 31 January 2011.