



sportingbet Plc

Quarter 1 Results

3 Months Ended 31 October 2007

Tuesday 11 December 2007

HIGHLIGHTS

- Continued strong growth in core European sports betting operation (+27%)
- Benefits of cost restructuring coming through in enhanced operating margins
- Operational reorganisation post UIGEA now substantially complete
- Channel Islands office now fully operational
- Strong start to the financial year gives confidence in year-end expectations

IFRS DISCLOSURE

- First required disclosure under IFRS
- Revision of the accounting terminology and definitions – no change to basis of calculation;
 - Amounts wagered: Value of sports bets placed *plus* casino / games win *plus* poker
(previously: turnover) rake less adjustment for bonuses
 - Net gaming revenue: Amounts wagered *less* payouts to customers on sports bets *less*
(previously: gross profit) betting taxes
- A full reconciliation between UK GAAP and IFRS is included in the notes to the quarterly announcements

INCOME STATEMENT

	Q1 2007	Q1 2006 restated
	£m	£m
Amounts wagered	290.9	260.7
Net gaming revenue	30.4	32.5
Costs	(26.2)	(30.5)
Operating profit	4.2	2.0
Fair value restatements (share option charge)	(1.8)	(0.6)
Exceptional charge	(2.9)	(12.6)
Amortisation	(1.1)	-
Net finance income	0.2	(0.3)
Tax	(0.3)	(0.5)
Retained loss	(1.7)	(12.0)
Fully diluted EPS*	0.8p	0.3p

* Before fair value restatements, amortisation and exceptional items

OPERATING PROFIT RECONCILIATION

Q1 2006 operating profit			2.0
Sports volume effect	- Europe	2.1	
	- Australia	0.5	
Sports margin effect	- Europe	1.5	
	- Australia	(0.8)	
Sports effect			3.3
Casino effect			0.2
Poker effect			(3.8)
Reduction in costs			2.5
Q1 2007 operating profit			4.2

NET GAMING REVENUE

	Q1 2007	Q1 2006 restated	% chg
	£m	£m	
Europe			
- Sports (9.8% vs 9.0%)	16.9	13.3	+27%
- Casino and gaming	7.8	7.6	+3%
- Poker	5.5	9.3	-41%
	30.2	30.2	
Australia			
- Sports (3.4% vs 4.1%)	3.7	4.0	-6%
	33.9	34.2	-1%
Customer bonus adjustment	(3.5)	(1.7)	106%
Net gaming revenue	30.4	32.5	-6%

Q1 COSTS

	Q1 2007 £m	% of margin	Q1 2006 £m	% of margin
Marketing				
- reported	11.4	33.6	13.6	39.7
- customer bonuses	3.5	10.3	1.7	5.0
	14.9	44.0	15.3	44.7
Banking	3.0	8.8	3.0	8.8
IT costs	2.1	6.2	2.3	6.8
Employees	6.0	17.7	6.1	17.8
Depreciation	1.4	4.1	1.6	4.7
Other admin	2.3	6.8	3.9	11.4
	29.7	87.6	32.2	94.2

BALANCE SHEET

		October 2007	October 2006
		£m	£m
FIXED ASSETS	Goodwill	51.8	84.3
	Tangible & intangible assets	25.0	12.7
	Non-current assets held for sale	-	2.6
		76.8	99.6
WORKING CAP	Debtors	8.2	20.3
	Cash*	38.5	69.6
	Creditors	(36.1)	(49.3)
	10.6	40.6	
DEBT	Bank loans	(5.3)	-
	Deferred consideration	(0.1)	(24.0)
		82.0	116.2
RESERVES	Share capital	0.4	0.4
	Shares to be issued	22.1	4.8
	Share premium/other	43.2	38.3
	Profit and loss	16.6	73.1
	Minority interest	(0.3)	(0.4)
	82.0	116.2	

*Includes client liabilities of £12.9m (2006: £17.6m)

Q1 CASHFLOW

	£m	£m
Opening cash		37.0
EBITDA	5.6	
Interest	0.2	
Working capital	2.9	
		8.7
Capital expenditure	(4.3)	
Exceptionals	(2.9)	
		(7.2)
Closing cash*		38.5

* Includes client liabilities of £12.9m (2006: £17.6m)



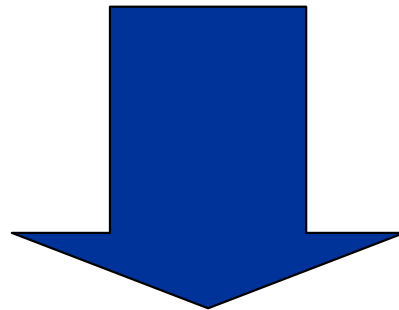
Operational Review

**“Becoming a customer centric
online gaming retailer”**



OPERATIONAL STRATEGIC OBJECTIVES: RECAP

- Transform our customer experience across every touch-point
- Continue to develop a best-in-class sportsbook
- Improve our secondary product offering
- Focus marketing on better mass acquisition and life-time management
- Deliver a differentiated VIP offering



More efficient growth – improved operating margins
Better customer management – improved player yields



Australia



Q1 AUSTRALIAN DEVELOPMENTS

- Limited impact of Equine Influenza whilst increasing focus on internet
- Continued roll-out of new product offering:
 - High margin multiples and simpler customer experience
 - Improving risk management
 - Upgraded settler performance
- Unique PR exploitation from “election betting” mini website
- Expanded VIP recruitment using specific client managers

AUSTRALIA

	Q1 2007	Q1 2006	+/-
Sports actives	15,164	11,599	+31%
Internet			
Sports bets	2.0m	1.3m	+49%
Sports bets / active	152	141	+8%
Sports bet size	A\$32	A\$39	-18%
Sports margin %	5.8%	6.1%	-5%
Telephone			
Sports bets	0.29m	0.31m	-5%
Sports bets / active	64	78	-18%
Sports bet size	A\$672	A\$625	+8%
Sports margin %	2.6%	3.6%	-28%

Q2 AUSTRALIAN INITIATIVES

- New phone and processing system in Darwin call centre
- Continued enhancement of CRM system to improve customer profiling and targeting
- Roll-out of new “simple multiple” product offering to other markets across the internet



Europe



Q1 EUROPEAN DEVELOPMENTS

- Further simplification of registration and funding:

	Begin registration	Finish registration	Fund account
– Base case:	100	40%	14%
– Current:	100	45%	19%

- Full sports in-running product supported by enhanced trading team
- New product added during off-peak hours to expand offering
- Roll-out of pricing changes across football markets reflecting elasticity

Q1 EUROPEAN DEVELOPMENTS cont'd

- Affiliate programme successfully launched to grow affiliate sign-ups
- Roll-out of secondary product enhancements including:
 - Casino upgrade with focus on higher margin slots
 - Backgammon consolidation
 - Paradise Casino rebrand
 - Further new games
- Launch of new poker loyalty scheme for all Paradise customers

EUROPE

	Q1 2007	Q1 2006	+/-
Sports actives	197,306	184,777	+7%
Sports bets	11.8m	10.2m	+16%
Sports bets / active	60	55	+8%
Sports bet size	£14.58	£14.49	+1%
Sports margin %	9.8%	9.0%	+12%
Yield per sports active	£85.73	£71.72	+20%
Casino bets	36.3m	32.4m	+12%
Casino bet size	£4.60	£5.57	-17%
Casino margin %	3.6%	3.1%	+10%
Poker – average daily rake	£59.4k	£100.5k	-41%

Q2 EUROPEAN INITIATIVES

- Further site changes to make it easier to “buy bets”:
 - My account overhaul
 - Non-disruptive registration and funding
- Sportsbook “back-end” upgrade to increase number of markets
- Further secondary product enhancements:
 - Local language poker clients
 - Embedded games in sportsbook product
 - Next casino upgrade with further new slots
- Launch VIP “quick wins” for elite customers



Balance of the Year

BALANCE OF THE YEAR

- Brand new website roll-out from early Spring through 2008
- Shared Wallet functionality
- Launch of European VIP programme
- New cross-product bonus engine and loyalty scheme
- Move Games Room IT from Antigua to Guernsey



Regulation

REGULATION

- No significant changes to the regulatory environment
- Conflict and immaturity continues to exist in laws governing the sector
- EU stance and recent actions are helpful
- Individual EU countries remain capable of taking action despite EU
- No contact from any government authorities regarding the stance of the Group's current activities

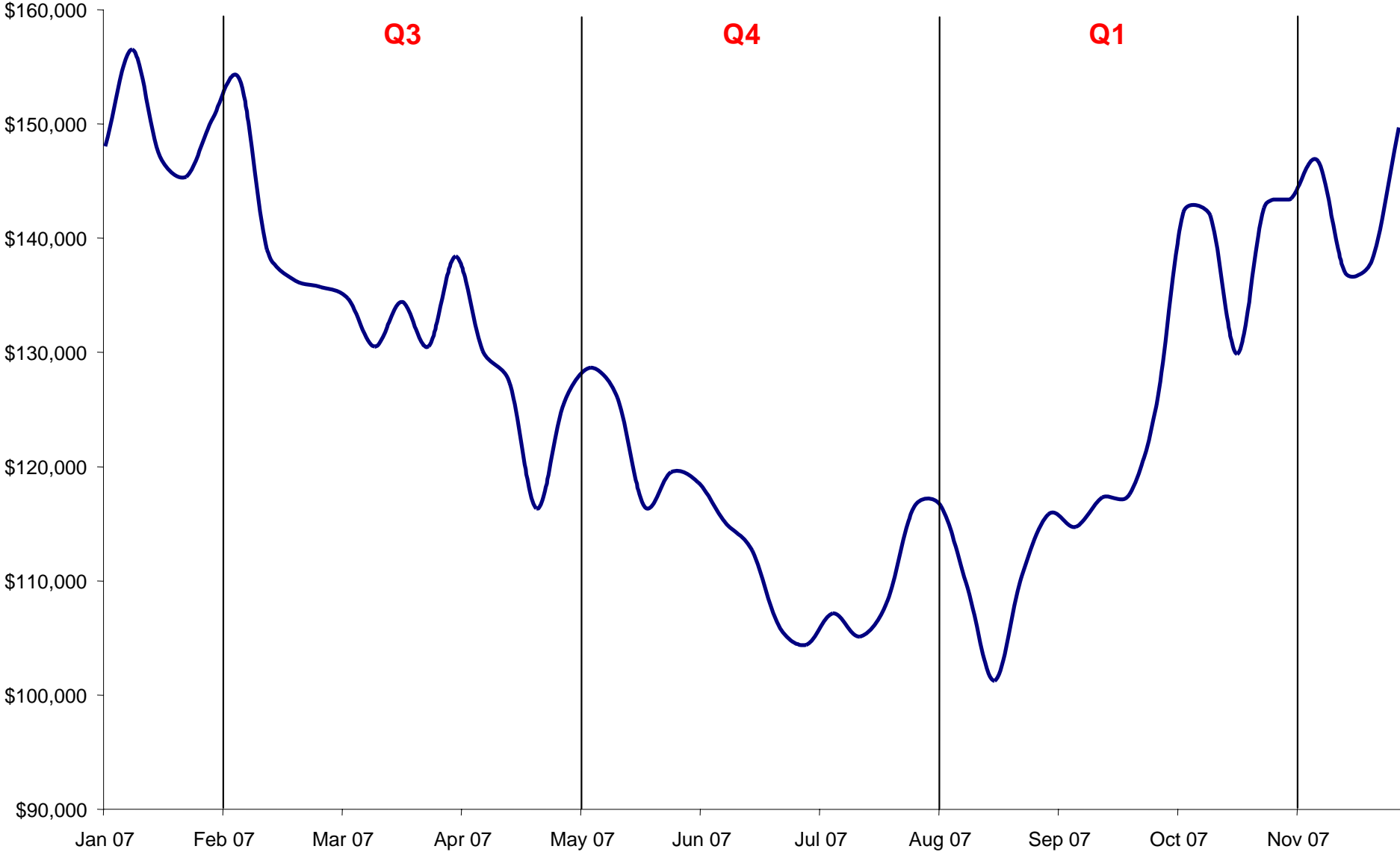


Current Trading

CURRENT TRADING

- Strong start to Q2 on both volumes and margin
 - November European sports turnover up 17% year on year
 - November average daily poker rake up 17% on Q1 average
 - November casino / games revenue up over 20% year on year
- Horse racing resuming in Queensland and NSW

CURRENT TRADING - POKER





Summary

SUMMARY

- Solid performance in Q1 delivering efficient growth
- Strong start to Q2 across all products
- Focusing on our “umbrella” strategy of:
 - Recruiting and retaining profitable customers
 - Being a retailer of gaming services
 - Offering a true internet based experience
- Pleasing start to year gives confidence in year-end expectations



“To become the mass market, customer champion of online retail gaming”