



## Sportingbet Plc

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### Unaudited Results for the Nine Months Ended 30 April 2006

Sportingbet Plc (LSE: SBT), a leading online sports betting and gaming group, announces its results for the third quarter and cumulative results for the nine months ended 30 April 2006.

#### Financial Highlights – Three Months Ended 30 April 2006

- Gross margin up 58% to £84.4m (2005: £53.4m)
- Operating profit\* up 43% to £28.8m (2005: £20.2m)
- Profit before tax up 55% to £21.2m (2005: £13.7m)
- Basic earnings per share\* of 6.6p (2005: 5.5p)
- Diluted earnings per share\* of 6.4p (2005: 4.2p)
- Cash generation from operating activities of £29.5m (2005: £18.7m)

(\* Stated pre goodwill and share option charges)

#### Business Highlights – Three Months Ended 30 April 2006

- New registered customers up 86% to 0.5m (2005: 0.3m)
- New real money customers up 58% to 170,580 (2005: 108,136)
- New real money customers acquired at an average cost of £142 (12 months 2005: £137)
- Number of sports and gaming bets up 39% to 149.3m (2005: 107.5m)
- Average daily Paradise Poker rake up 90% to \$575,339 (2005: \$302,555)
- Acquisition of 50% interest in Puntobet S.R.L., a licensed Italian online sports bookmaker, for €2.9m in cash
- Further solid development of shared purse technology:
  - 22,551 (16.9%) of US active sports customers played poker during the quarter, generating an average of \$54,324 rake per day throughout the quarter
  - 22,685 (13.8%) of US active poker players bet on sports / casino during the quarter, generating \$2.6m of margin

#### Management Succession Plan

- Current Group Finance Director, Andrew McIver, to be appointed CEO from 17 October 2006
- Nigel Payne to remain an Executive Director, responsible for regulation and business development
- Process for appointing new Group Finance Director underway

**Commenting on today's announcement, Peter Dicks, Chairman, said:**

"We are delighted with the performance of the Group this quarter. Our strategy of providing customers with multi-product, safe, online gambling opportunities via localised websites under one virtual roof has yielded yet another record performance for us. In the three months ended 30 April 2006, we have recruited more new customers, taken more bets, played more games of poker and made more profit than in any previous third quarter.

The Board is confident with regard to the prospects of the Group for the current financial year and looks forward to the future with confidence."

**Commenting on the results, Nigel Payne, Chief Executive, said:**

"I am very pleased to report a record performance for all parts of the Sportingbet Group this quarter, with each of our operating regions achieving its best ever performance. In the last three months we have grown our customer database by some 500,000 registered customers, up 86% over last year. Of this increase, 171,000 customers funded their accounts, an increase of 58% over last year, which has yielded a 58% increase in gross margin.

We continue to be delighted with the growth that the Group's strategy is delivering. In particular, we are pleased with the spend patterns of our customers, which have remained in line with previous years despite a significant increase in the scale of the business.

The further development of our product offering, with the introduction of a new casino suite and in-running betting for our US facing brands, should further enhance our customer focused product offering. In addition, we look forward to the FIFA World Cup, which will boost volumes in the usually quiet season for our European business."

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Note: Sportingbet PLC is moving offices on 30 May 2006. From this date the main switchboard number will be 020 7184 1800.

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## **FINANCIAL RESULTS**

### **Three Months Ended 30 April 2006**

Turnover for the third quarter ended 30 April 2006 was £507.3m (2005: £386.9m), earning a gross margin of £84.4m (2005: £53.4m) at 16.6% of turnover (2005: 13.8%). Sports betting turnover was £454.0m (2005: £355.5m), earning a gross margin of £31.1m (2005: £22.0m) at a gross margin percentage of 6.8% (2005: 6.2%). Casino and gaming, poker and fee income contributed a further £17.5m, £32.7m and £3.1m respectively to both turnover and gross margin (2005: £12.7m, £15.8m and £2.9m). Of the poker turnover, Paradise Poker accounted for £28.3m (2005: £13.6m).

Turnover and margin for the period are stated after a deduction for customer bonuses of £4.4m (2005: £3.6m). The sports gross margin percentage as reported was 6.8% (2005: 6.2%). Without the bonus deduction the sports margin percentage was 7.3% (2005: 6.7%).

Costs (excluding goodwill amortisation and share option charges) in the quarter of £55.6m (2005: £33.2m) represented 65.9% (2005: 62.2%) of gross profit. Costs comprised marketing £23.2m (2005: £11.9m), banking fees £12.5m (2005: £8.6m), information technology £5.3m (2005: £3.6m), employee costs £8.6m (2005: £5.4m), other administration costs £4.7m (2005: £3.0m) and depreciation £1.3m (2005: £0.7m). Costs for the three months ended 30 April 2006 include £3.2m that has been set aside for incremental marketing spend which will be invested in the business during the fourth quarter.

Operating profit (before goodwill and share option charges) for the quarter was £28.8m (2005: £20.2m), representing a margin of 34.1% (2005: 37.8%) of gross profit. Profit before tax was £21.2m (2005: £13.7m), after expensing share option charges of £1.5m (2005: £Nil), goodwill amortisation of £5.6m (2005: £4.9m) and net finance costs of £0.5m (2005: £1.6m).

Basic earnings per share before share option charges and amortisation of goodwill was 6.6p (2005: 5.5p). Diluted earnings per share before share option charges and amortisation of goodwill was 6.4p (2005: 4.2p).

During the three months ended 30 April 2006, the Group generated cash from operating activities of £29.5m (2005: £18.7m). As at 30 April 2006, the Group had £103.9m (2005: £70.2m) of cash and liquid resources, of which £45.9m represented customer deposits. Gross debt was £48.1m (2005: £99.7m) and comprised a bank loan of £21.5m (2005: £74.3m), deferred consideration of £Nil (2005: £2.1m) and contingent cash consideration of £26.6m (2005: £23.3m): £23.6m due to the vendors of Paradise Poker and £3.0m due to the vendors of the business of ISC.

### **Nine Months Ended 30 April 2006**

Turnover for the nine months ended 30 April 2006 was £1,635.4m (2005: £1,206.1m), earning a gross margin of £232.1m (2005: £127.7m) at 14.2% of turnover (2005: 10.6%). Sports betting turnover was £1,488.6m (2005: £1,134.9m), earning a gross margin of £85.3m (2005: £56.5m) at a gross margin percentage of 5.7% (2005: 5.0%). Casino and gaming, poker and fee income contributed a further £49.9m, £88.2m and £8.7m respectively to both turnover and gross margin (2005: £33.8m, £29.8m and £7.6m). Of the poker turnover, Paradise Poker accounted for £77.5m (pro-forma 2005: £37.4m).

Turnover and margin for the period are stated after a deduction for customer bonuses of £16.1m (2005: £9.6m). The sports gross margin percentage as reported was 5.7% (2005: 5.0%). Without the bonus deduction the sports margin percentage was 6.2% (2005: 5.4%).

Costs (excluding goodwill amortisation and share option charges) in the nine months of £146.2m (2005: £81.5m) represented 63.0% (2005: 63.8%) of gross profit. Costs comprised marketing £59.8m (2005: £28.1m), banking fees £34.5m (2005: £21.7m), information technology £13.6m (2005: £9.7m), employee costs £23.8m (2005: £14.1m), other administration costs £11.1m (2005: £6.1m) and depreciation £3.4m (2005: £1.8m).

Operating profit (before goodwill and share option charges) for the nine months was £85.9m (2005: £46.2m), representing a margin of 37.0% (2005: 36.2%) of gross profit. Profit before tax was £62.5m (2005: £32.0m), after expensing share option charges of £4.5m (2005: £Nil), goodwill amortisation of £16.6m (2005: £11.6m), net finance costs of £2.3m (2005: £2.9m) and adding the share of operating profit in associated undertakings of £Nil (2005: £0.3m).

Basic earnings per share before share option charges and amortisation of goodwill was 21.4p (2005: 15.0p). Diluted earnings per share before share option charges and amortisation of goodwill was 20.7p (2005: 10.9p).

During the nine months ended 30 April 2006, the Group generated cash from operating activities of £106.6m (2005: £62.4m).

## **REVIEW OF OPERATIONS**

### **Sportingbet Group**

In the three months ended 30 April 2006, the number of registered customers rose by 0.5m (2005: 0.3m) increasing the Group's database of registered customers from 3.9m to 4.4m. Of these new registrations, 170,580 customers funded accounts in the quarter (2005:108,136), an increase of 58% over last year, at an average cost of £142 (12 months 2005: £137).

This increase in customer numbers, combined with further development of the Group's product range yielded a record level of betting volume for the Group. The number of sports and gaming bets placed rose by 39% to 149.3m (2005: 107.5m). The average number of games played per day (including free to play games) on Paradise Poker rose 84% to 2.2m per day (2005: 1.2m per day).

The rise in customer numbers and betting activity generated a 58% rise in gross margin, to £84.4m (2005: £53.4m). Excluding customer bonuses, and on a like for like basis, margin from sports rose by 27% to £31.7m (2005: £25.0m) at a margin percentage of 7.3% (2005: 6.7%). Margin from casino, gaming and fee income rose by 22% to £20.9m (2005: £17.1m). Margin from poker grew by 87% to £31.3m (2005: £16.7m).

### **Europe**

The number of customers who bet on the region's sports betting websites rose by 47% to 196,245 (2005: 133,714). The number of sports bets placed by these customers rose by 71% to 10.6m (2005: 6.2m), the equivalent of 54 bets per active customer (2005: 47 bets).

The average sports bet size was broadly constant at £13 (2005: £12). The sports margin percentage after betting tax was strong at 8.7% (2005: 8.9%).

The number of customers who bet on the region's gaming websites rose by 59% to 48,872 (2005: 30,786). The number of gaming bets placed by these customers rose by 51% to 44.3m (2005: 29.3m) at a constant average bet size of £5. The gaming margin percentage also remained relatively constant at 3.9% (2005: 3.5%).

Notwithstanding the significant scale change in volume, the cost of acquiring customers continued to be cost effective at £145 (12 months 2005: £137) per new active customer, yielding a cash payback in less than six months.

## **America**

The US region delivered a record third quarter, with the number of customers who bet on the region's sports betting websites rising by 51% to 164,265 (2005: 108,791).

The sports margin percentage, at 8.0% (2005: 7.5%), was above the long term average. This, combined with the effect of Paradise customers, who tend to bet on sports slightly less frequently, resulted in a marginally lower number of sports bets per active customer of 50 bets (2005: 56 bets). The total number of sports bets placed in the quarter rose by 35% to 8.2m (2005: 6.1m) at an average bet size of \$51 (2005: \$56).

The number of customers who bet on the region's gaming websites rose by 22% to 62,533 (2005: 51,298). The number of gaming bets placed by these customers rose by 31% to 85.1m (2005: 65.1m) at an average bet size of \$11 (2005: \$12). The gaming margin percentage was constant at 1.9%. The cost of acquiring new active customers remained within normal parameters at \$291 per new active customer (12 months 2005: \$368), yielding a cash payback of less than three months.

During the quarter, 22,551 (16.9%) active sports customers also played poker using the Group's shared purse technology, generating an average rake of \$54,324 per day.

## **Australia**

The significant improvement seen in the Group's Australian business over the past twelve months continued in the current quarter.

During the three months to 30 April 2006, the percentage of bets taken over the internet rose to 75% (2005: 61%). The number of customers who bet on the region's sports betting business rose by 9% to 7,775 (2005: 7,153). The number of sports bets placed by these customers rose by 35% to 1.1m (2005: 0.8m) at a rate of 142 bets per active customer (2005: 115 bets). The average sports bet size was lower at AUS\$176 (2005: AUS\$297), reflecting the increased activity on the more leisure-oriented internet platform. The cost of acquiring a new active customer fell to AUS\$778 (12 months 2005: AUS\$917), yielding a cash payback of less than six months.

The significantly improved business dynamics, combined with consistent and stable gross margin of 3.0% (2005: 3.5%) enabled the region to deliver a strong quarterly profit.

## **Paradise Poker**

The Group's poker business continues to perform well. In the third quarter, the number of active customers who have contributed to rake at Paradise Poker rose by 71% to 187,522 (2005: 109,511). The number of games of poker played per day rose by 84% to 2.2m (2005: 1.2m), generating an average daily rake of \$575,339, an increase of 90% (2005: \$302,555). The cost of acquiring new active customers to Paradise Poker in the quarter was \$204 (12 months 2005: \$139), yielding a payback period of less than two months.

Since the introduction of the Group's shared purse technology, the Board has been pleased with the contribution from allowing poker customers to bet on sports. During this seasonally quieter US sports quarter, 22,685 (13.8%) active real money poker customers also bet on the Group's US-facing sports or casino websites, generating \$2.6m of incremental margin.

## **Business Development**

The Board is pleased to announce the acquisition of a 50% interest in Punto Betting S.R.L. ("Puntobet") for an initial sum of €2.875m in cash.

Puntobet, based in Italy, is a company engaged in sports betting operations under an existing Italian gaming licence. The joint venture will provide Sportingbet with the required licence to operate in the Italian market as well as Puntobet's existing business and access to Puntobet's substantial Italian marketing distribution channels and affiliate network.

Puntobet will be renamed and re-branded as Sportingbet Italia and the website will be changed from [www.puntobet.it](http://www.puntobet.it) to [www.sportingbet.it](http://www.sportingbet.it) (becoming the joint venture's sports betting Italian brand). As additional consideration, Sportingbet will pay a twenty percent profit share of its existing Italian gaming url <http://it.sportingbet.com> to Puntobet.

In the twelve months ended 31 December 2005, Puntobet generated an operating profit of €0.4m from turnover of €10.0m.

## **Regulatory Developments**

Whilst there has been a good deal of activity with regard to the regulation of the industry in the quarter, little has fundamentally changed.

The EU has initiated proceedings against certain EU Member States for possible infringement of EU Law with regard to internet gambling. The EU has also received the important study by the Swiss Institute into European cross-border internet gambling. Notwithstanding these developments however, the potential for internal market distortion remains high and the Board does not expect any significant progress to be made in improving the overall EU regulatory environment in the near term. The taxation driven fiscal protectionist policies adopted by several Member States presents a large a political obstacle and is serving to reduce the political will within the EU to tackle the issue with any alacrity.

In the UK, the Board's view remains that given the existing high levels of non-gaming related taxation (by international standards), the level of gaming tax proposed by the UK government (when announced) is not per se relevant to encouraging companies to come onshore. Sportingbet is encouraging the adoption of alternative structures whereby operators pay a licensing fee to be licensed and regulated but are not obliged to be onshore. The complex nature of this debate was illustrated in the March budget, where the Treasury again delayed announcing its taxation proposals for the industry.

In the US there has been a good deal of activity so far this year. The Board continues to work hard to educate interested parties as to the merits of regulation and believes that progress is being made. Importantly, during the quarter, the influential American Gaming Association, recognising that technology to allow proper management of the potential social concerns of excess gambling has improved materially in recent years, modified its stance on internet gaming and is now encouraging Congress to study the industry fully prior to considering any legislation.

Notwithstanding this progress however, certain US politicians have introduced legislation designed to prohibit or restrict certain forms of internet gambling. The Board is increasingly of the view that such Bills have a large part of their foundation in protectionism and not the stated moral arguments. This is evidenced through exemptions in the Bills for the burgeoning domestic internet gambling industry on fantasy sports and horse racing. The Board remains of the view, however, that there are a substantial number of obstacles that remain in the path of these Bills becoming law.

### **Management**

In a separate announcement released today, the Board outlined its management succession plans. Andrew McIver, Group Finance Director for the last five years, will be appointed CEO with effect from 17 October 2006. At that time, Nigel Payne, current CEO, will take on Executive Director responsibility for regulation and business development. The process has begun to appoint a new Group Finance Director.

### **Trading Outlook**

During the first three weeks of the fourth quarter, organic growth and trading volumes have continued to grow in line with management's expectation. Gross margin across the Group's products has been solid and the Board is confident with regard to the prospects of the Group for the current financial year.

Sportingbet will report its results for the twelve months ended 31 July 2006 on 17 October 2006.

**Sportingbet Plc**  
**Unaudited Consolidated Profit and Loss Account**  
**Nine Months Ended 30 April 2006**

	Notes	3 months ended 30 April 2006 £m	3 months ended 30 April 2005 restated £m	9 months ended 30 April 2006 £m	9 months ended 30 April 2005 restated £m
<b>Turnover</b>	2	<b>507.3</b>	386.9	<b>1,635.4</b>	1,206.1
Cost of sales		<b>(422.9)</b>	(333.5)	<b>(1,403.3)</b>	(1,078.4)
<b>Gross profit</b>		<b>84.4</b>	53.4	<b>232.1</b>	127.7
Gross profit %		<b>16.6%</b>	13.8%	<b>14.2%</b>	10.6%
Share option charges		<b>(1.5)</b>	-	<b>(4.5)</b>	-
Goodwill amortisation		<b>(5.6)</b>	(4.9)	<b>(16.6)</b>	(11.6)
Other administration expenses		<b>(55.6)</b>	(33.2)	<b>(146.2)</b>	(81.5)
Total administration expenses		<b>(62.7)</b>	(38.1)	<b>(167.3)</b>	(93.1)
<b>Group operating profit before share option charges and goodwill amortisation</b>		<b>28.8</b>	20.2	<b>85.9</b>	46.2
Share option charges		<b>(1.5)</b>	-	<b>(4.5)</b>	-
Goodwill amortisation		<b>(5.6)</b>	(4.9)	<b>(16.6)</b>	(11.6)
<b>Group operating profit</b>		<b>21.7</b>	15.3	<b>64.8</b>	34.6
Share of operating profit in associated undertaking		-	-	-	0.3
<b>Profit before interest</b>		<b>21.7</b>	15.3	<b>64.8</b>	34.9
Finance costs	3	<b>(0.5)</b>	(1.6)	<b>(2.3)</b>	(2.9)
<b>Profit before taxation</b>		<b>21.2</b>	13.7	<b>62.5</b>	32.0
Taxation		<b>(0.5)</b>	(0.5)	<b>(1.2)</b>	(0.6)
<b>Profit after taxation</b>		<b>20.7</b>	13.2	<b>61.3</b>	31.4
<b>Earnings per ordinary share</b>	6				
Basic		<b>4.9p</b>	4.0p	<b>15.9p</b>	11.0p
Diluted		<b>4.8p</b>	3.0p	<b>15.4p</b>	8.0p
<b>Adjusted earnings per ordinary share (pre share option charge and goodwill amortisation)</b>	6				
Basic		<b>6.6p</b>	5.5p	<b>21.4p</b>	15.0p
Diluted		<b>6.4p</b>	4.2p	<b>20.7p</b>	10.9p

**Sportingbet Plc**  
**Unaudited Consolidated Balance Sheet**  
**As at 30 April 2006**

	Notes	30 April 2006 £m	30 April 2005 £m	31 July 2005 restated £m
<b>Fixed Assets</b>				
Intangible assets – goodwill		368.3	345.5	386.5
Tangible assets		11.8	7.5	8.8
Investment in joint venture		8.5	8.5	9.0
		<u>388.6</u>	<u>361.5</u>	<u>404.3</u>
<b>Current Assets</b>				
Debtors		24.3	11.4	22.2
Cash at bank and in hand		103.9	70.2	67.0
		<u>128.2</u>	<u>81.6</u>	<u>89.2</u>
<b>Creditors: amounts falling due within one year</b>				
Bank loans and overdrafts		21.0	42.8	41.5
Deferred consideration		-	2.1	12.6
Other creditors		75.3	49.6	51.1
		<u>96.3</u>	<u>94.5</u>	<u>105.2</u>
<b>Net Current Assets/(Liabilities)</b>		<u>31.9</u>	<u>(12.9)</u>	<u>(16.0)</u>
<b>Total Assets Less Current Liabilities</b>		<b>420.5</b>	<b>348.6</b>	<b>388.3</b>
<b>Creditors: amounts falling due after more than one year</b>				
Bank loan		-	31.5	20.8
		<u>-</u>	<u>31.5</u>	<u>20.8</u>
<b>Provisions for liabilities and charges</b>				
Other provisions		2.0	1.9	2.8
Contingent consideration		26.6	23.3	26.5
		<u>28.6</u>	<u>25.2</u>	<u>29.3</u>
<b>NET ASSETS</b>		<u><b>391.9</b></u>	<u>291.9</u>	<u>338.2</u>
<b>Capital and Reserves</b>				
Called up share capital		0.4	0.3	0.3
Shares to be issued		41.3	54.8	73.1
Share premium		38.0	213.1	0.6
Share option reserve		4.5	-	-
Other reserves		0.3	0.3	0.3
Profit and loss account	1,4	<u>307.4</u>	<u>23.4</u>	<u>263.9</u>
<b>SHAREHOLDERS' FUNDS – EQUITY</b>		<u><b>391.9</b></u>	<u>291.9</u>	<u>338.2</u>

**Sportingbet Plc**  
**Unaudited Consolidated Cash Flow Statement**  
**Nine Months Ended 30 April 2006**

	<b>3 months ended 30 April 2006 £m</b>	3 months ended 30 April 2005 £m	<b>9 months ended 30 April 2006 £m</b>	9 months ended 30 April 2005 £m
EBITDA	28.6	20.9	84.8	48.0
Net working capital movement	0.9	(2.2)	21.8	14.4
Net cash inflow from operating activities	<b>29.5</b>	18.7	<b>106.6</b>	62.4
Returns on investment and servicing of finance	0.1	(0.7)	<b>(0.3)</b>	(3.3)
Taxation	-	-	<b>(0.1)</b>	-
Capital expenditure	<b>(2.6)</b>	(2.0)	<b>(6.4)</b>	(4.1)
Acquisitions	-	(1.6)	<b>(12.9)</b>	(123.3)
<b>Cash inflow before financing</b>	<b>27.0</b>	14.4	<b>86.9</b>	(68.3)
Management of liquid resources	3.9	(0.3)	<b>(4.6)</b>	(12.2)
Financing	<b>(24.9)</b>	(10.2)	<b>(50.0)</b>	128.5
<b>Increase in cash in the period</b>	<b>6.0</b>	3.9	<b>32.3</b>	48.0
<b>Reconciliation of net cashflow to movement in net funds</b>				
Increase in cash in the period	6.0	3.9	32.3	48.0
Cash (inflow)/outflow from (decrease)/increase in liquid resources	<b>(3.9)</b>	0.3	4.6	12.2
Cash outflow/(inflow) from decrease/(increase) in debt	20.7	10.7	42.1	(67.1)
<b>Movement in net funds resulting from cash flows in period</b>	<b>22.8</b>	14.9	<b>79.0</b>	(6.9)
Other movements	<b>(0.2)</b>	-	<b>(0.7)</b>	-
<b>Movement in net funds in period</b>	<b>22.6</b>	14.9	<b>78.3</b>	(6.9)
Net funds at start of period	<b>60.3</b>	(19.2)	4.6	2.6
<b>Net funds at end of period</b>	<b>82.9</b>	(4.3)	<b>82.9</b>	(4.3)

**Sportingbet Plc**  
**Unaudited Notes**  
**Nine Months Ended 30 April 2006**

**1. Consolidated statement of total recognised gains and losses:**

	<b>3 months ended 30 April 2006 £m</b>	3 months ended 30 April 2005 £m	<b>9 months ended 30 April 2006 £m</b>	9 months ended 30 April 2005 £m
Profit for financial period	20.7	13.2	61.3	31.4
Exchange translation differences on consolidation	(6.1)	(2.4)	(9.4)	(8.3)
Total recognised gains and losses for the financial period	14.6	10.8	51.9	23.1

**2. Analysis of turnover:**

	<b>3 months ended 30 April 2006 £m</b>	3 months ended 30 April 2005 £m	<b>9 months ended 30 April 2006 £m</b>	9 months ended 30 April 2005 £m
a) Analysis of revenue by activity				
Sports betting	454.0	355.5	1,488.6	1,134.9
Casino and gaming	17.5	12.7	49.9	33.8
Poker rake	32.7	15.8	88.2	29.8
Fee income	3.1	2.9	8.7	7.6
	507.3	386.9	1,635.4	1,206.1
b) Analysis by geography				
Americas	276.1	201.6	982.5	701.8
Europe	149.7	83.4	383.4	218.8
Australia	81.5	101.9	269.5	285.5
	507.3	386.9	1,635.4	1,206.1

**3. Finance Costs:**

	<b>3 months ended 30 April 2006 £m</b>	3 months ended 30 April 2005 £m	<b>9 months ended 30 April 2006 £m</b>	9 months ended 30 April 2005 £m
Interest receivable	0.5	0.1	1.1	0.2
Interest payable	(0.4)	(1.3)	(1.6)	(2.3)
Amortisation of loan agreement fees	(0.3)	(0.2)	(0.8)	(0.4)
	(0.2)	(1.4)	(1.3)	(2.5)
Finance charge on discounting of deferred consideration (FRS7)	(0.3)	(0.2)	(1.0)	(0.4)
Total finance costs	(0.5)	(1.6)	(2.3)	(2.9)

**Sportingbet Plc**  
**Unaudited Notes Continued**  
**Nine Months Ended 30 April 2006**

**4. Profit and Loss Reserve:**

	<b>£m</b>
At 1 August 2005 (as previously reported)	260.5
Prior year adjustment	3.4
At 1 August 2005(restated)	263.9
Retained profit	61.3
Final 2005 dividend paid	(4.2)
Interim 2006 dividend paid	(4.2)
Foreign currency exchange	(9.4)
<b>As at 30 April 2006</b>	<b>307.4</b>

In accordance with FRS 21, dividends are only accounted for once legally approved. Accordingly the dividend declared for the year ended 31 July 2005 was charged in the second quarter ended 31 January 2006 and amounts included for the year ended 31 July 2005 and first quarter ended 31 October 2005 of £3.4m and £0.8m have been reversed.

**5. Dividends:**

	<b>3 months ended 30 April 2006 £m</b>	3 months ended 30 April 2005 £m	<b>9 months ended 30 April 2006 £m</b>	9 months ended 30 April 2005 £m
Ordinary shares				
Interim 2006 dividend paid of 1.0p (2005: Nil) per share	<b>(4.2)</b>	-	<b>(4.2)</b>	-
Final 2005 dividend paid of 1.0p (2005: Nil) per share	-	-	<b>(4.2)</b>	-
	<b>(4.2)</b>	-	<b>(8.4)</b>	-

6. The basic earnings per share for the nine months is based on the profit on ordinary activities after taxation of £61.3m (2005: £31.4m) and on the weighted average number of shares in issue of 385,470,495 (2005: 286,468,364). The diluted earnings per share for the nine months is based on the profit on ordinary activities after taxation of £61.3m (2005: £31.4m) and the weighted average number of shares in issue adjusted to assume the exercise of options over shares and the effect of dilutive earn-out shares to be issued, of 397,675,797 (2005: 393,622,037).

Adjusted basic and diluted earnings per ordinary share before goodwill and share option charges exclude amortisation of goodwill of £16.6m (2005: £11.6m) and share option charges of £4.5m (2005: £Nil).

The basic earnings per share for the quarter is based on the profit on ordinary activities after taxation of £20.7m (2005: £13.2m) and on the weighted average number of shares in issue of 421,452,170 (2005: 326,024,018). The diluted earnings per share for the three months is based on the profit on ordinary activities after taxation of £20.7m (2005: £13.2m) and the weighted average number of shares in issue adjusted to assume the exercise of options over shares and the effect of dilutive earn-out shares to be issued, of 433,825,233 (2005: 434,422,530).

Adjusted basic and diluted earnings per ordinary share before goodwill and share option charges exclude amortisation of goodwill of £5.6m (2005: £4.9m) and share option charges of £1.5m (2005: £Nil).

7. These results have been prepared on the basis of the accounting policies set out in the Group's 2005 statutory accounts. These results do not constitute the Group's statutory accounts for the periods ending 30 April 2006 or 30 April 2005 within the meaning of section 240 of the Companies Act 1985. Financial information for the period ending 31 July 2005 is extracted from the Group financial statements for the year ended 2005, which received an unqualified audit report and have been filed with the Registrar of Companies.