Year End Results

Year ended 31 July 2008

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Agenda

- Andrew McIver, Group Chief Executive
  - Introduction
  - Highlights
- Jim Wilkinson, Group Finance Director
  - Financial Review
- Andrew McIver
  - Operational Review
  - Regulation
  - Outlook and Current Trading

Highlights

- Net gaming revenue up 23%
- Operating profit up 363% to £22.7m
- Restructuring completed - improved operating profit margins of 15.4% (2007: 4.1%)
- Sports betting driving growth (NGR up 45%) through increased breadth of product and strong performance in Europe and Australia
- Strategic review of marketing partner contracts
  - Spanish business brought in-house
  - Bulgarian marketing partner purchased
- Net cash* of £28.6m
- Strong start to current year - NGR up in excess of 30%

*net of client liabilities of £15.2m and long term debt of £5.6m

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Income Statement

	Year ended July 2008 £m	Year ended July 2007 £m
Amounts Wagered	**1,364.2**	1,096.4
Net gaming revenue	**147.0**	119.4
Costs	**(124.3)**	(114.5)
Operating profit	**22.7**	4.9
Share option charge	**(8.0)**	(9.9)
Exceptional charge	**(12.0)**	(26.8)
Amortisation	**(3.9)**	(1.8)
Net finance income	**0.4**	1.0
Minority interest	**-**	0.6
Tax	**(3.5)**	(1.2)
Retained loss	**(4.3)**	(33.2)
Fully diluted EPS*	**3.8p**	1.1p

*Before share option charge, exceptional items and amortisation

Balance Sheet

		31 Jul 2008 £m	31 Jul 2007 £m
NON-CURRENT ASSETS	Goodwill	**53.0**	44.4
	Tangible and intangible assets	**36.3**	23.1
	Non-current receivables	**0.5**	0.5
WORKING CAP	Trade and other receivables	**8.2**	9.1
	Cash and cash equivalents*	**49.4**	34.5
	Other payables	**(52.9)**	(34.4)
DEBT	Interest bearing loans and borrowings	**(5.6)**	(5.3)
	Contingent consideration	**(4.5)**	(0.1)
		84.4	71.8
EQUITY	Share capital	**0.5**	0.4
	Shares to be issued	**9.0**	14.6
	Share premium/other	**56.3**	42.9
	Retained earnings	**20.1**	16.8
	Foreign exchange reserve	**(1.5)**	(2.6)
	Minority interest	**-**	(0.3)
		84.4	71.8

*Includes client liabilities of £15.2m (2007: £12.9m)

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Operating Profit Reconciliation

		£m	£m
2007 operating profit			4.9
Sports volume effect	♦ Europe	15.6	
	♦ Australia	4.3	
Sports margin effect	♦ Europe	3.8	
	♦ Australia	3.1	
Sports effect			26.8
Casino effect			7.3
Poker effect			(7.9)
Betting taxes			1.4
Increase in costs			(9.8)
2008 operating profit			22.7

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Net Gaming Revenue

		2008 £m	2007 £m	% change £m
Europe	♦ Sports (10.1% vs 9.0%)	**78.2**	54.1	45%
	♦ Casino & gaming	**38.7**	31.3	24%
	♦ Poker	**23.7**	29.0	-18%
		140.6	114.4	23%
Australia	♦ Sports (3.7% vs 2.9%)	**19.9**	12.9	54%
		160.5	127.3	26%
Customer bonus adjustment		**(13.5)**	(7.9)	-71%
Net gaming revenue		**147.0**	119.4	23%

Costs

	2008 £m	% of margin	2007 £m	% of margin
Marketing				
♦ reported	**47.9**	29.8%	**52.0**	40.8%
♦ customer bonuses	**13.5**	8.4%	**7.9**	6.2%
	61.4	38.3%	**59.9**	47.1%
Payment processing costs	**20.7**	12.9%	**15.3**	12.0%
IT costs	**9.1**	5.7%	**8.1**	6.4%
Employees	**27.8**	17.3%	**22.2**	17.4%
Depreciation	**6.5**	4.0%	**7.0**	5.5%
Other admin	**12.3**	7.7%	**9.9**	7.8%
	137.8	85.9%	**122.4**	96.2%

Cashflow

	2008 £m	2008 £m
Opening cash at 1 August 2007		34.5
EBITDA	29.2	
Working capital	5.2	34.4
Capital expenditure		(15.0)
Acquisitions		(4.6)
Income tax paid		(1.4)
Other		1.5
Closing cash as at 31 July 2008*		49.4

*Includes client liabilities of £15.2m (2007: £12.9m)

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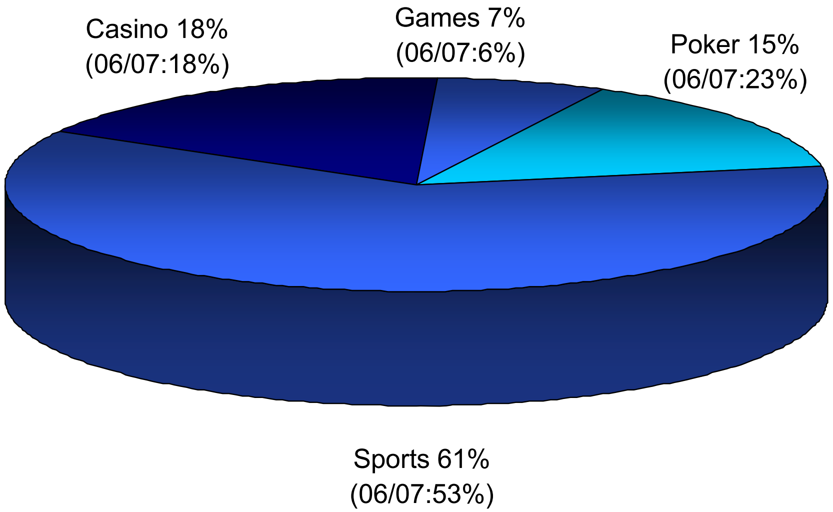
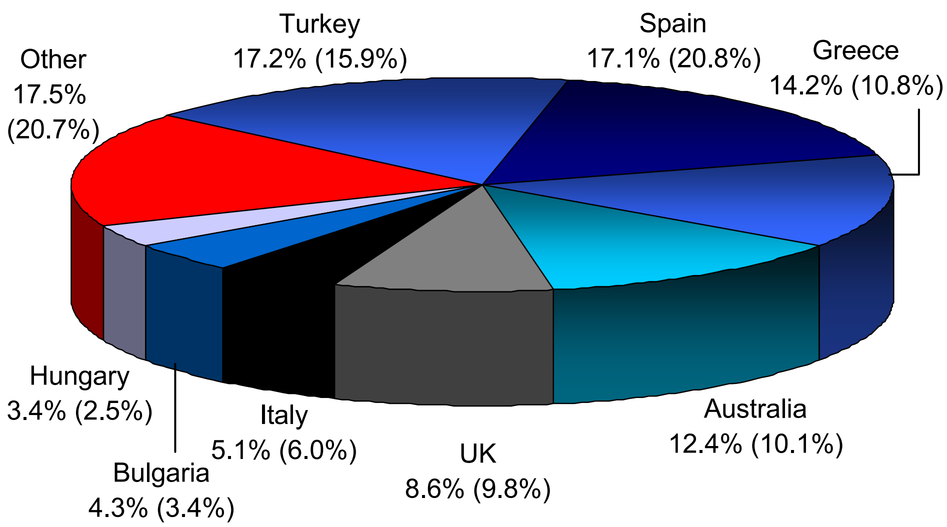
Operations

Group – Product Breakdown



- Core sports betting product continues to drive growth
  - Europe – sports NGR up 45%
  - Australia – sports NGR up 54%
- Breadth of betting markets increased and further development of in:play
- Investment in market leading risk management systems and expertise
- Casino and games benefit from volume increase and product upgrades
- Poker remains difficult in slowing and highly competitive market

Group – Geographical Breakdown



- ♣ Broad geographical spread
- ♣ Reduced reliance on Turkish market, current year run rate 8% of Group NGR
- ♣ Action taken to bring Spain in-house
- ♣ Greek partner market growing strongly (NGR up 67% yr on yr)
- ♣ Eastern Europe (Poland, Czech, Bulgaria, Hungary) performing well (up 79% yr on yr)
- ♣ Australian telephone and internet business both growing strongly

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European Marketing Partner Review

- Full strategic review undertaken of all marketing partner contracts

Brought in-house	Purchased	Extended
- Spain	-Turkey (Feb 07)	-Greece (Sportingbet and Vistabet) extended to;
- Hungary	- Bulgaria (Mar 08)	- Romania
- Scandinavia		- Other Balkan states

- Brings in-house all operations previously done by partners;
  - Marketing, customer service, some local administration
- Increases control and operational leverage from these markets
- Savings in partner commissions (incl in marketing cost) offset by direct marketing, bonuses, and additional staff costs

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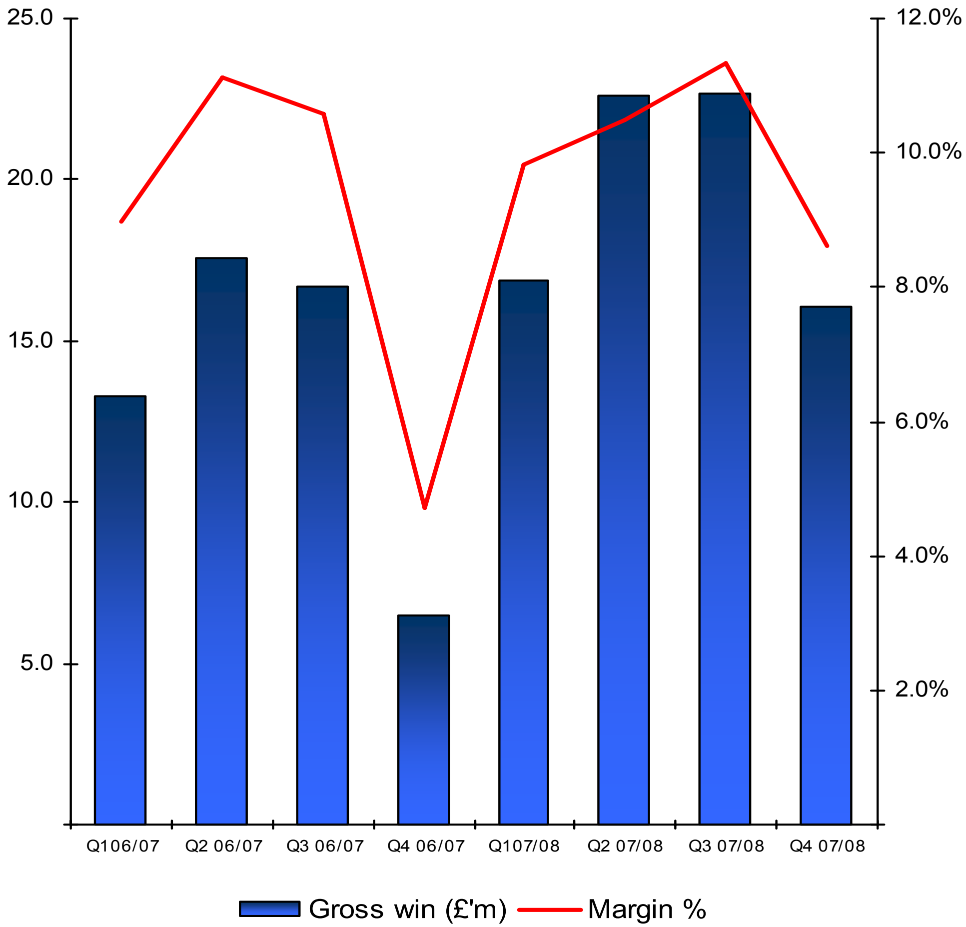
Europe – KPIs

	2008	2007	+/-
Sports actives	**464,523**	436,779	6.4%
Sports bets	**51.5m**	45.3m	13.7%
Sports bets / active	**111**	104	6.9%
Sports bet size	**£14.98**	£13.26	13.0%
Sports margin %	**10.1%**	9.0%	12.7%
Yield per sports active	**£168**	£124	36.2%
Casino bets	**175.4**	142.6	23.0%
Casino bet size	**£4.73**	£5.06	-6.5%
Casino margin %	**3.4%**	3.2%	5.1%
Poker – average daily rake	**£65,018**	£67,707	-4.0%

Europe – Sports (NGR)

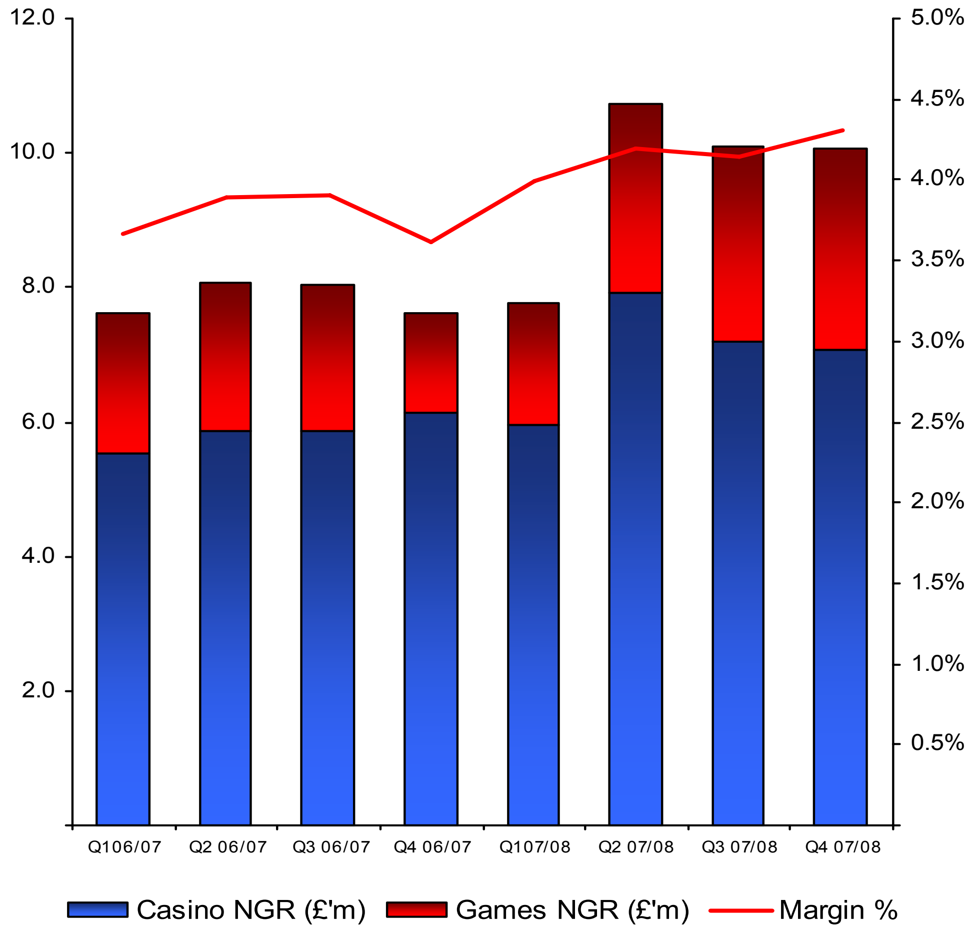


- Annual NGR up 45%
- Volumes driven by:
  - Greater breadth of product
  - In:play betting popularity
- Continued strong margin performance:
  - Investment in risk management systems and expertise
- NGR from Euro 2008 above expectations despite Spanish win

European Sports Betting Product Enhancements

- Further investment in Sports betting product
- Imminent launch of live streaming
- Continued website development over next 18 months
- Further development of in:play product and extended coverage of markets

Europe – Casino & Games



- Casino and Games NGR growth of 24% yr on yr
- Increased volumes driving performance
- Improvement in product offering with further development of non-download games
- Small embedded games proving very popular

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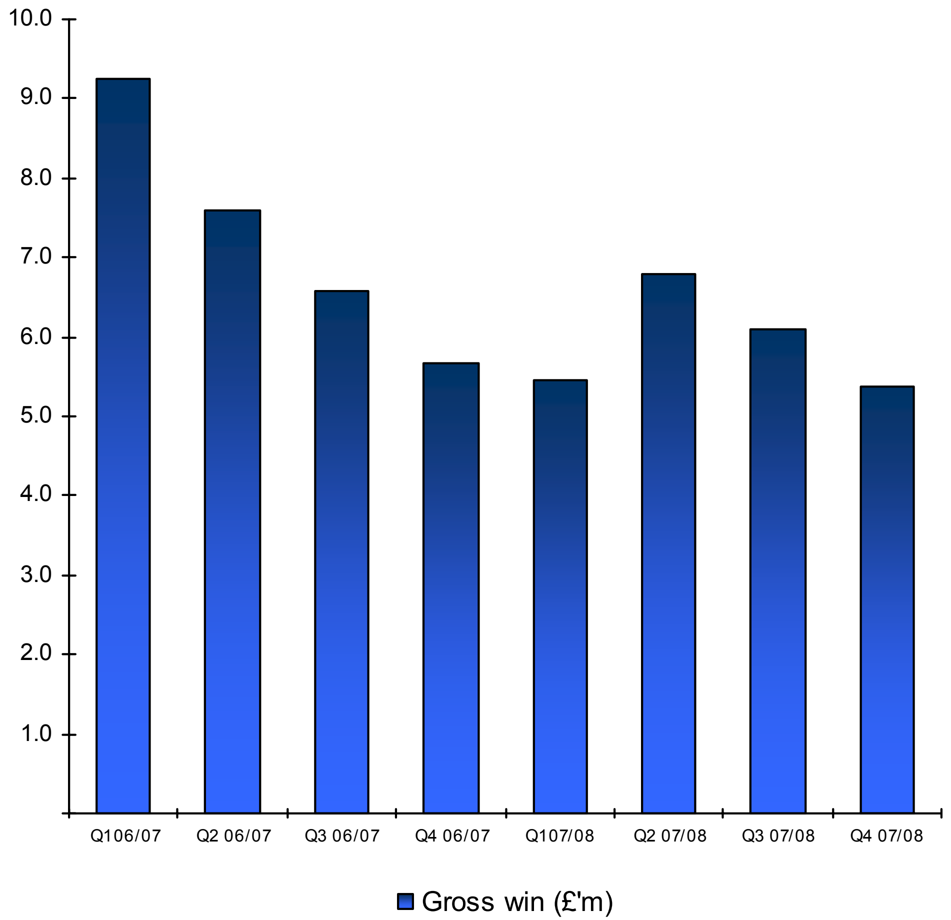
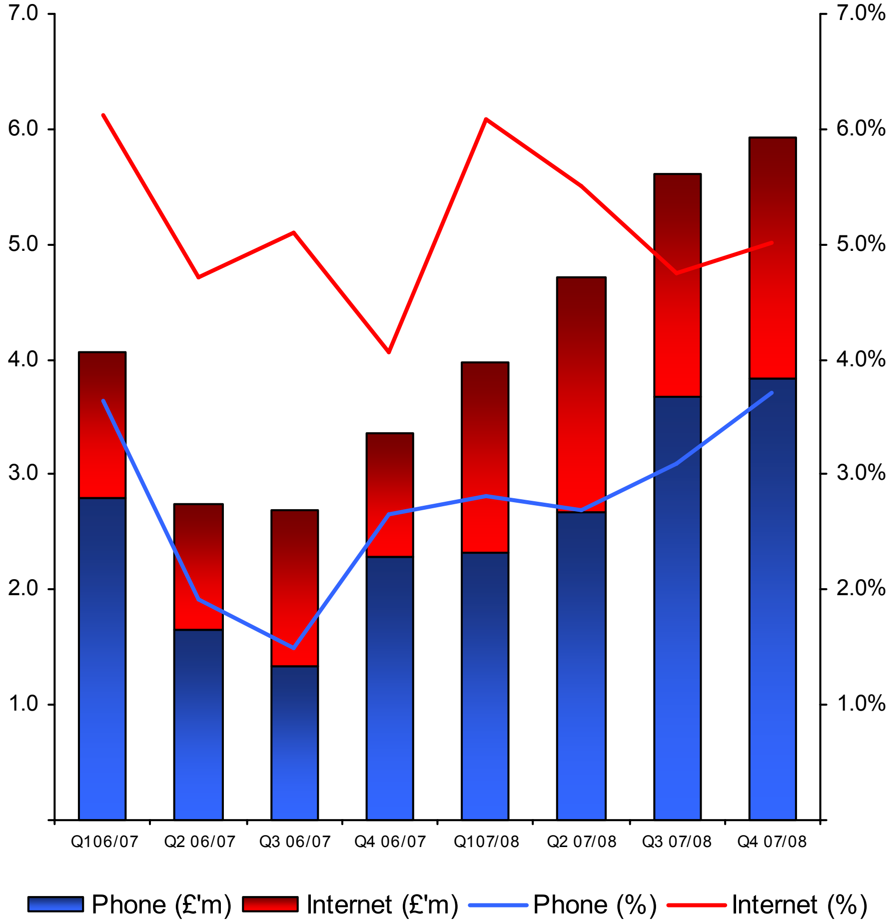
Europe – Poker



- Poker remains difficult in a slowing and highly competitive European market
- US focused sites using cash flow and liquidity to attract European players
- Seasonal impact as expected in Q4

Australia (NGR)



- Solid performance for both betting channels
  - Telephone NGR up 53% yr on yr
  - Internet NGR up 59% yr on yr
- Strong performance given impact of equine influenza through H1
- Relaxation of advertising restrictions in Victoria and New South Wales
- Profitability hampered by further taxes and product levies. Total tax/levy bill to exceed £4.5m in current year

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Australia – KPIs

	2008	2007	+/-
Sports actives	**31,032**	23,094	34.4%
Internet			
Sports bets	**9.2m**	6.2m	48.3%
Sports bets / active	**332**	313	6.2%
Sports bet size	**$35**	$38	-9.6%
Sports margin %	**5.3%**	4.9%	7.2%
Telephone			
Sports bets	**1.3m**	1.3m	-0.1%
Sports bets / active	**149**	177	-16.1%
Sports bet size	**$663**	$631	5.0%
Sports margin %	**3.1%**	2.4%	30.8%

Strategic Developments

- Greater investment in Sports betting product and infrastructure
  - Sports betting remains our shop front
  - in:play enhancements
  - Trading and risk management tools and expertise
  - Increased breadth of markets covered
  - Imminent launch of live streaming

- Customer focus
  - Greater understanding of customer segementation and profiling
  - Regional and territorial sales structure
  - One-to-One focus on ViP clients
  - Increased focus on customer service and support

Strategic Developments

- Full review of marketing spend
  - Full ROI analysis of all marketing spend
  - Focus on the efficient recruitment of new profitable players
  - Investment in pan-European agencies to assist in:
    - Media-buying
    - Customer communications
    - PR

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Regulation

Regulation

- Turkey update
- US update
- Others

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Outlook & Current Trading

Outlook & Current Trading

- ♣ Actions taken in 07/08 position the Group well for future growth
- ♣ Strong NGR growth across core markets in first two months of current year
  - ♠ Spain up 21% yr on yr
  - ♠ Greece up 130% yr on yr
  - ♠ Australia up 167% yr on yr
  - ♠ Eastern Europe (Poland, Czech, Hungary, Bulgaria) up 79% yr on yr
  - ♠ Group up in excess of 30% yr on yr
- ♣ Building on nascent business in Latin America and new licence pending in South Africa
- ♣ No clear sign of global financial uncertainty impacting customer metrics
- ♣ Board remain cautiously optimistic for the financial year ahead