

Sportingbet Plc

Audited Results for the Year Ended 31 July 2007

Sportingbet Plc, the online sports betting and gaming group, announces its audited results for the year ended 31 July 2007.

In order to aid comparison, financial and operational information is stated excluding the US-facing businesses that were sold/closed in October 2006 resulting in Sportingbet's complete exit from that market. Commentary on the results for the Group for the year ended 31 July 2007, including the discontinued US-facing operations, are included at the end of this announcement.

Financial Highlights – Year ended 31 July 2007 – Continuing Business only

- Gross margin up 13.3% to £120.8m (2006: £106.6m)
- Operating profit* up 76.2% to £7.4m (2006: £4.2m)
- Diluted earnings per share* of 2.0p (2006: 0.2p)

(* Stated before exceptional items of £26.8m, goodwill amortisation of £3.0m and share option charge of £9.9m)

Business Highlights – Year ended 31 July 2007

- Strong growth in core European sports betting operations with gross win up 48%
- Acquisition of Turkish marketing partner and further investment in Italian operation
- Successful migration of Paradise Poker players to the Boss Media platform
- Forced disposal of US-facing sports and casino operations and closure of US-facing poker operations following the passing of the Unlawful Internet Gambling Enforcement Act
- Significant Group restructuring and reorganisation post Unlawful Internet Gambling Enforcement Act
- Reorganisation of European operations including transfer of all customer operations personnel to Dublin and all licensable operations to the Channel Islands

Commenting on today's announcement, Andrew McIver, Group Chief Executive Officer said:

“Given the enormity of the change and restructuring that has taken place at Sportingbet, I am pleased to report a strong increase in gross win in the continuing business and especially pleased with the growth in our core European sports betting business of 48%.

To lose 75+% of our business following the US legislation but still record an operating profit for the year is, in my opinion, a highly creditable achievement.

As we move into the current financial year, trading across the Group is significantly ahead of prior year and in line with management expectations for the period.

Much has been achieved during the year and this is a reflection of the determination, loyalty and hard work of our employees and I would like to thank them all. I very much look forward to working with them in the coming twelve months.”

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Sportingbet Plc

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FINANCIAL RESULTS: Year ended 31 July 2007

This financial review examines the Continuing Operations only, which comprise the Group's European focused sports, casino and Paradise branded poker business and the Australian sports business. In order to aid comparison, the financial and operational information is stated excluding the discontinued businesses. Commentary on the full Group results for the year ended 31 July 2007 is included at the end of this announcement.

Year ended 31 July 2007 – Continuing Operations

Turnover for the year ended 31 July 2007 was £1,097.8m (2006: 890.1m), earning gross profit of £120.8m (2006: 106.6m) at 11.0% of turnover (2006: 12.0%). Sports betting turnover in Europe was £599.8m (2006: £473.6m), earning a gross profit of £49.7m (2006: £30.0m). Australian sports betting turnover was £439.3m (2006: £346.6m), earning a gross profit of £12.4m (2006: £12.9m).

Turnover and margin for the year are stated after a deduction for customer bonuses of £7.9m (2006: £7.5m). The European and Australian sports gross profit as reported was 8.3% and 2.8% of turnover respectively (2006: 6.9% and 3.7%). Without the bonus deduction the equivalent numbers would have been 9.0% and 2.9% (2006: 7.5% and 3.8%).

Poker, now all branded as Paradise Poker, achieved gross profit of £27.8m (2006: £30.0m). It was impacted by much reduced liquidity and the disruption of the migration of Paradise Poker players to the Boss Media Network. Casino and gaming contributed gross profit of £30.8m (2006: £30.2m), a marginal performance, year-on-year, ahead of the major upgrade now being rolled out.

Costs (excluding exceptional items, share option charge and goodwill amortisation) during the year were £113.4m (2006: £102.4m). Whilst costs accounted for 93.8% of Gross margin (2006: 96.1%), a number of the major initiatives undertaken by the Group during the year are aimed at driving further efficiencies within the business impacting on the 2007/08 financial year and beyond.

Continuing business operating profit (before exceptional items, share option charge and goodwill amortisation) for the year was £7.4m (2006: £4.2m).

Continuing business profit before tax after exceptional charges of £26.8m (2006: £nil), share option charges of £9.9m (2006: £4.8m), goodwill amortisation of £3.0m (2006: £5.6m charge) and net interest receivable of £2.5m (2006: £3.0m payable) was a loss of £29.8m (2006: £9.2m loss).

As at 31 July 2007, the Group had £37.0m of cash and liquid resources on its balance sheet, of which £12.9m related to customer liabilities. Gross financial liabilities amounted to £5.4m (2006: £47.5m) which comprised a bank loan of £5.3m (2006: £nil), secured on certain residential properties acquired to house staff recently transferred to the Channel Islands, and deferred consideration of £0.1m due to the vendors of the shareholding in Sportingbet Italia.

REVIEW OF OPERATIONS: Year ended 31 July 2007

Sportingbet Group

The year started with the passing of the Unlawful Internet Gambling Enforcement Act ("UIGEA") of 2006 by US Congress on 29 September. This led to the Board concluding that a disposal of the Group's US-facing sports betting and casino operations together with the closure of its US-facing poker operations was inevitable and in the best interest of all its stakeholders.

As a result, on 12 October 2006, Sportingbet sold its US-facing sports betting and casino business for a cash consideration of \$1 and discharged excess liabilities amounting to approximately \$13.2m. Sportingbet retained the Paradise Poker business, but denied access to US residents.

Subsequently, the Group has reorganised and restructured its operations in order to realign the cost base to its remaining markets. The sale and closure of the US-facing operations divested the Group of over 450 employees, saving significant potential severance and closure costs. Following this sale and subsequent reorganisations, the Group employed approximately 370 people (2006: 920) at year end.

Following the loss of the US-facing operations, the Board moved swiftly to stabilise the business and significant achievements have been attained since:

In February 2007, Sportingbet entered into a new three year casino and poker contract to use Boss Media software to power both its casino and poker offerings. Whilst retaining the Paradise Poker brand, all Paradise Poker players were migrated onto the Boss Media network. This action will provide some cost savings for the Group through reduced IT spend but, crucially, it will increase the liquidity for Paradise Poker players by being part of this larger network. The migration was completed on 24 May 2007.

The Group has undertaken a major reorganisation of its operations during the year. Firstly, in order to generate operating efficiencies and with the aim of providing first rate customer services across all Sportingbet products, all non-Australian customer operations personnel were brought together into a single, dedicated customer operations centre in Dublin in March 2007.

Secondly, in light of the considerable uncertainty with regard to the precise operational requirements of the UK Gambling Act 2005, the Board concluded, in March 2007, that it would transfer all licensable activities to the Channel Islands, under a licence granted by the Alderney Gambling Control Commission. This process was completed during early September 2007. Following the reorganisation, the Group retains a physical operational presence in the UK, Antigua, Channel Islands, Ireland, Italy and Australia.

During the year, further investment was made in two of our key markets in order to take control of them and to improve operating margin. In February the Group purchased the business and assets of its Turkish marketing partner for an initial consideration of £3.6m and deferred consideration of up to 35.3m shares, wholly dependent on the performance of the Turkish business over the next two years. The Group also purchased a further 40% shareholding in Sportingbet Italia S.p.A. for an aggregate consideration of €4.25m (£2.9m). This took the Group's total holding to 90%.

Following the year end, the Group has purchased the remaining 10% stake in Sportingbet Italia through previously entered into option arrangements. The consideration payable amounts to €1.0m (£0.7m) in shares and completion is expected in December.

Europe

The number of customers who bet on the region's sports betting websites during the year rose by 14.3% to 436,779 (2006: 382,160).

The number of sports bets placed by these customers increased by 30.6% to 46.1m (2006: 35.3m) at a rate of 106 bets per active customer per year (2006: 92 bets), and the average sports bet size was £13.10 (2006: £13.80). The sports margin percentage after betting tax was 9.0% (2006: 7.5%) despite poor margin performance in Q4 of only 4.7% (2006: 6.1%).

Given the degree of operational changes being made across the business during the year, significant effort was concentrated on existing customers rather than pure recruitment. In aggregate, yield per sports active customer increased by 31.6% from £95 to £125 in part as a result of increased margin, but also from the number of bets made per customer; a function of the enhanced in-running betting product which has been rolled out across the portfolio.

The number of bets placed by the Group's casino customers rose by 10.5% to 142.6m (2006: 129.1m) at an average bet size of £5.06 (2006: £5.54). The casino margin percentage was 3.3% (2006: 3.2%).

During the year Poker generated rake of £29.0m (2006: £31.5m). Non-US poker earnings were significantly impacted, year on year, by the loss of liquidity provided by US-resident players. In order to address this issue, all poker players were migrated to the Boss Media Network in May 2007, combining all Sportingbet's poker players on one network.

Australia

The number of customers who bet with the region's sports betting business increased by 30.2% to 23,094 (2006: 17,732). The number of sports bets placed by these customers rose by 65.2% to 7.6m (2006: 4.6m) at a rate of 327 bets per customer (2006: 259 bets). The average sports bet size was lower at AUS\$136 (2006: AUS\$181), reflecting the increased activity on the more leisure-oriented internet platform. During the year, the proportion of bets taken over the internet rose to 82.3% (2006: 77.3%).

The margin, after betting taxes, was disappointing at 2.9% (2006: 3.8%), partially impacted by both sports results and additional taxes from the Racing Victoria Limited levy versus the 2006 comparator.

PRINCIPAL RISKS AND UNCERTAINTIES

Much uncertainty remains regarding regulation across the industry. However, the Board continues to believe that a properly regulated market remains the most appropriate structure for any gambling industry. Group services are provided only from jurisdictions that are licensed and regulated. To facilitate this, the Group is licensed in the UK, Alderney, Antigua, Italy and Australia.

Currently considerable confusion exists both within various governments and internationally as to the best way of dealing with this industry, if at all. There is little sign that market distortions, which now exist across various markets, show signs of being sensibly resolved. Diverse government policies ranging from the provision of licenses and proper regulation to blatant protectionism of monopoly provided services are now in place.

Given the inherent uncertainty, as part of the Group's ongoing risk assessment process, it continues to monitor legal and regulatory developments in jurisdictions where it operates or where customers have been or continue to access services. The Group considers the potential impact on its business, and continues to take appropriate advice in this respect. There remains much uncertainty as to what, or where, regulatory actions, if any, may occur and any impact such actions may or may not have on the Group.

REGULATORY DEVELOPMENTS

In terms of the overall position, there is still no global consensus as to which countries' laws apply where, and in particular whether they can extend beyond their own national borders. Therefore, the Group's services continue to be provided only from jurisdictions that are licensed and regulated and as such explicitly legal. To facilitate this, the Group is licensed in the UK, Alderney, Italy, Antigua and Australia.

Major issues of note in the last 12 months include:

- (a) the implementation of the 2005 Gambling Act in the UK;
- (b) an apparent move towards liberalisation in some Asian jurisdictions;
- (c) a positive French Supreme Court decision;
- (d) an extension to the current licensing regime in Italy;
- (e) the threat of prohibitive legislation in Germany; and
- (f) the passing of anti-online gambling legislation in Turkey.

United Kingdom

The Group transferred all of its UK based licensable activities to the Channel Islands prior to the 1 September 2007 implementation date of the 2005 Gambling Act.

Whilst the Act will not impact significantly upon the Company since its relocation of licensable activities offshore, the Group is still covered by the Act when it comes to advertising in the UK.

However, whatever liberalisations of advertising eventually emerge can be fully exploited by the company since Alderney was announced to be on the White List in June 2007 (the White List is a list of those countries that the UK has deemed to have a regulatory environment that satisfies the UK's own requirements). On the positive side, too, the British Gambling Prevalence Survey 2007 indicated that in the UK there has been a slight decrease in problem gambling in the UK since 1999 (with the exception of the National Lottery). This was not a surprise to the Group as many companies in the fixed odds gambling sector follow similar policies to Sportingbet in applying 'know your customer' practices to exclude underage attempts to gamble and to eradicate problem gambling as far as it is possible. However, any negative results from this survey would possibly have led to pressure on the DCMS to curtail the advertising permitted in the UK, or marketing to UK customers.

United States

The draft implementation guidelines for the Unlawful Internet Gambling Enforcement Act ('UIGEA') have now been released, albeit outside of the 270 day time window. This is juxtaposed with the proactive approach of the World Trade Organisation in censoring the US for its restrictive practices in the gambling sector. The US is now under pressure to reopen its market to foreign gambling operators, or agree substantial compensation for not doing so. Currently it appears such compensation would most likely take the form of various relaxations of trade rules between the US and countries that had industries impacted by the UIGEA. It is unlikely to be satisfied by cash payments to those countries and very unlikely to be satisfied by cash payment to the companies involved.

For the avoidance of doubt, the Group ceased taking bets from US resident customers and made a total exit from the US market prior to the enactment of the UIGEA on 13 October 2006. Whilst the Board notes political developments in the US with regard to certain proposed legislative reforms (the so-called Franks Bill), it confirms that it is taking no part in any reported initiatives to overturn, challenge or amend US legislation nor support new legislation.

Although we are aware that others in the industry have approached the United States Department of Justice, the Company has nothing material to report at this time.

Asia

There have been a number of initiatives announced by the European operators in relation to opening of supplies into certain Asian markets, which may suggest a relaxation by some central governments, certainly in relation to P2P games, including mahjong and poker. However, such a relaxation of attitude is far from certain and the laws in many Asian countries are currently prohibitive. The Group currently has no operations or activities in Asia.

Europe

In Europe, the market currently appears to be moving cautiously towards a liberalisation of supply. There are two key factors. Firstly, the European Commission has been applying pressure to EU Member States that do not comply with the free market requirements on them in the gambling field. In some circumstances Commission pressure has been reinforced by domestic court rulings that have questioned the legality of the state monopolies. Through the use of 'infringement proceedings' against states in contravention of EC law, the Commission has asked a number of states to explain or even amend their laws restricting the free movement of gambling services. If member states fail to comply, they will potentially be subject to legal action from the Commission. Secondly, the prospect of tax and licensing revenues has also encouraged a softening of approach Sportingbet Plc towards liberalisation. Examples of this would include the extension of the existing licensing regime in Italy and the availability now of regional licences in Spain.

The negative developments of last year, such as the arrests of the bwin co-chief executives, have not been repeated. Indeed, it is symptomatic of the change in prevailing Member State attitude that the French authorities, who initiated the arrests, spent mid September discussing the liberalisation of its gambling regime with the European Commission. The French position was also affected by a positive court decision in the Zeturf case in which the French Supreme Court broadly found that the French authorities could not preclude online gambling supplies from a licensed Maltese entity, where French citizens were targeted. However, it very much remains to be seen if deregulatory legislation will be introduced in France and exactly what form that it may take.

As exemplified by the arrests of the bwin co-chief executives, companies in the online gambling sector may face action from individual EU Member States despite the fact that the legislation of such Member State may contravene EU principles and/or the Member State itself may be subject to an EU Commission initiated online gambling infringement proceeding. The European Commission is beginning to show that it can be a force for change, but any change comes about slowly at best. Until this change occurs the EU is far from a safe haven for companies with licenses issued by one or other Member State. It will also be interesting to see what is the approach of the EU authorities if the prohibitive draft State Treaty in Germany is adopted.

Turkey

Anti-online gambling legislation was introduced in Turkey in February 2007 to underpin the State monopoly. The legislation did not however make it an offence for an individual customer to place a bet online. It made it illegal for an unauthorised operator to offer bets to those citizens.

The Group has no physical operations or activities in Turkey. However, the Group does accept bets from Turkish citizens. The operations and servers that facilitate this are based in the Group's licensed and regulated locations and as such comply with the requirements of those locations. It remains unclear whether any judgement obtained in Turkey pursuant to the legislation introduced in February 2007 could be enforced outside of Turkey.

This piece of Turkish legislation contrasts with the approaches of the UK, Italy, Australia and many other licensing jurisdictions and fails to recognise the legitimacy of those countries' views towards regulating gambling on the internet. Indeed, Turkey may be obliged to overturn its protectionist, anti-online gambling laws as part of the required amendments to domestic legislation for its accession to the European Union, though the timing accompanying any such change is very uncertain.

Australia

There have been no significant regulatory developments in Australia since the last report.

MANAGEMENT

As previously announced, Andrew McIver, former Group Finance Director, succeeded Nigel Payne as Group Chief Executive on 19 October 2007. Nigel Payne remains a Non-Executive Director and has been appointed Chairman of the Audit Committee.

As previously announced, Mr Peter Dicks resigned as Chairman on 14 September 2006. Sean O'Connor took up the role of Acting Chairman from that date. Mark Blandford and Robert Holt resigned as Executive and Non-Executive Director respectively on 31 January 2007.

THE NEW FINANCIAL YEAR

The year to 31 July 2007 has clearly been one of retrenchment and stabilisation to put what remained of the business, post the withdrawal from the US, on a solid footing. Much has been achieved although inevitably there will still be actions to be addressed in the new financial year. However, with the bulk of this work completed, the Group is now in a position to start focusing on its core objective.

Much of our attention will be to better execute the Group's current offerings. During the coming year the website will be re-engineered to make it more focused on customer involvement, in order to improve funded recruitment and reduce attrition. Product will be improved, particularly in poker and casino, and enhancements made to the sports betting offering. Marketing will have a 'root and branch' review and more emphasis will be placed on affiliates and better serving of our most important customers.

Secondary objectives include geographic diversification. The Group will continue to invest in countries in which it is under-represented with a view to growing these businesses. The Group will also consider embryonic business development in new geographies although this

inevitably will involve some degree of experimentation. Some will work and some will fail. Finally the Group will continue to consider targeted acquisitions where commercially logical and value enhancing.

Capital expenditure will focus on shared wallet functionality and improving the casino and poker user experience. The investment in, and implementation of, these initiatives during the year will benefit the later half of the year and more fully the following and subsequent years.

TRADING OUTLOOK

As we move into the current financial year, trading across the Group is significantly ahead of prior year and in line with management expectations for the period.

In Europe, sports turnover is up 7% year on year in August and 23% in September. In addition, poker rake shows renewed signs of growth following the seasonal summer slowdown, with significant month on month growth in average daily rake since the start of the new year.

In Australia the business continues to perform well, despite an outbreak of Equine Influenza which, to date, has had little impact on trends within the region.

Sportingbet Plc
Audited Group Profit and Loss Account
Year Ended 31 July 2007

	Notes	Continuing operations 31 July 2007 £m	Discontinued operations 31 July 2007 £m	Total year ended 31 July 2007 £m	Total year ended 31 July 2006 Restated £m
Turnover	3	1,097.8	227.1	1,324.9	2,063.5
Cost of sales		(977.0)	(193.8)	(1,170.8)	(1,760.2)
Gross profit		120.8	33.3	154.1	303.3
Operating expenses		(153.1)	(314.9)	(468.0)	(229.1)
Operating profit before share option charge, exceptional items and goodwill amortisation		7.4	12.7	20.1	103.0
Share option charge		(9.9)	1.7	(8.2)	(6.7)
Exceptional items	4	(26.8)	(292.4)	(319.2)	-
Goodwill amortisation		(3.0)	(3.6)	(6.6)	(22.1)
Operating (loss)/profit	3	(32.3)	(281.6)	(313.9)	73.7
EBITDA		(13.1)	7.2	(5.9)	101.3
Depreciation		(7.0)	(0.3)	(7.3)	(5.5)
Amortisation		(3.0)	(3.6)	(6.6)	(22.1)
Impairments		(9.2)	(284.9)	(294.1)	-
Loss on disposal of fixed assets		-	(0.2)	(0.2)	-
(Loss)/profit on ordinary activities before interest		(32.3)	(281.8)	(314.1)	74.2
Net interest receivable/(payable)	6			1.6	(0.9)
Other finance charges				0.9	(2.1)
Interest receivable/(payable) and similar charges				2.5	(3.0)
(Loss)/profit on ordinary activities before taxation				(311.6)	71.2
Taxation	7			(1.3)	(2.0)
(Loss)/profit on ordinary activities after taxation				(312.9)	69.2
Minority interest				0.6	0.2
(Loss)/profit for financial year				(312.3)	69.4
(Loss)/earnings per ordinary share					
Basic	9			(72.7p)	17.7p
Diluted	9			(66.4p)	16.9p

Sportingbet Plc
Audited Group Balance Sheet
As at 31 July 2007

	Group		Company	
	As at 31 July 2007 £m	As at 31 July 2006 Restated £m	As at 31 July 2007 £m	As at 31 July 2006 Restated £m
Notes				
Fixed assets				
Intangible assets – goodwill	45.8	351.6	-	-
Tangible assets	19.6	16.4	-	-
Investments	-	8.0	45.4	153.6
	65.4	376.0	45.4	153.6
Current assets				
Debtors	9.6	21.9	34.3	151.8
Cash at bank and in hand	37.0	97.2	2.8	6.8
	46.6	119.1	37.1	158.6
Creditors - amounts falling due within one year	(38.5)	(96.3)	(2.2)	(58.6)
Net current assets	8.1	22.8	34.9	100.0
Total assets less current liabilities	73.5	398.8	80.3	253.6
Provision for liabilities	(1.3)	(20.5)	(0.7)	(4.1)
Net assets	72.2	378.3	79.6	249.5
Capital and reserves				
Called up share capital	0.4	0.4	0.4	0.4
Shares to be issued	13.0	24.0	13.0	24.0
Share premium	42.9	38.0	42.9	38.0
Share option reserve	-	7.7	-	7.7
Other reserves	0.3	0.3	0.3	0.3
Profit and loss account	15.9	308.1	23.0	179.1
Shareholders' funds	72.5	378.5	79.6	249.5
Minority interest	(0.3)	(0.2)	-	-
	72.2	378.3	79.6	249.5

Sportingbet Plc
Audited Group Cash Flow Statement
Year Ended 31 July 2007

	Notes	Year ended 31 July 2007 £m	Total year ended 31 July 2006 Restated £m
Net cash inflow from operating activities	5(a)	0.3	118.8
Returns on investment and servicing of finance	5(b)	1.6	0.5
Taxation	5(b)	(1.3)	(0.8)
Capital expenditure	5(b)	(17.1)	(12.8)
Acquisitions	5(b)	(23.9)	(14.8)
Dividends paid	5(b)	-	(8.4)
Cash inflow/(outflow) before financing		(40.4)	82.5
Management of liquid resources	5(b)	10.3	(0.2)
Financing	5(b)	(5.1)	(52.3)
(Decrease)/increase in cash in the period		(35.2)	30.0
Reconciliation of net cash flow to movement in net funds			
(Decrease)/increase in cash in the period	5(c)	(35.2)	30.0
Cash (inflow)/outflow from movement in liquid resources	5(c)	(10.3)	0.2
Cash outflow from decrease in debt	5(c)	5.5	52.9
Movement in net funds resulting from cash flows in period		(40.0)	83.1
Disposals	5(c)	(14.7)	-
Other movements	5(c)	(0.3)	(1.0)
Movement in net funds in period		(55.0)	82.1
Net funds at start of period		86.7	4.6
Net funds at end of period	5(c)	31.7	86.7

Sportingbet Plc
Audited Notes
Year Ended 31 July 2007

1. Comparative figures:

Accounting policies and restatement of

The preliminary results are prepared on the basis of the accounting policies stated in the Group's Annual Report for 2006 with the exception of the accounting policy for share-based payments following the adoption of FRS20.

FRS 20 'Share-based payments' requires the recognition of share-based payments at fair value at the date of grant. Prior to the adoption of FRS 20, the Group recognised the financial effect of the share-based payment in the following way: when shares and share options were awarded to employees a charge was made to the profit and loss account based on the difference between the market value of the company's shares at the date of grant and the option exercise price in accordance with UITF Abstract 17 (revised 2003) 'Employees Share Schemes'. The credit entry to this charge was taken to the share option reserve and reported in the reconciliation of movements in shareholders' funds.

In accordance with transitional provisions of FRS 20, the standard was applied retrospectively to all grants of equity instruments after 7 November 2002 that were unvested as of 1 August 2006.

For 2006, the change in accounting policy has resulted in a net increase in loss for the year of £0.3m. There is no impact on net assets.

For 2007, the impact of share-based payments is a net reduction in the charge to the profit and loss account of £1.1m. There is no impact on net assets.

The share-based payments expense of £8.2m (2006: £7.2m) has been included in operating expenses.

The prior year profit and loss account split between continuing and discontinued operations is as follows:

	Continuing operations £m	Discontinued operations £m	Total year ended 31 July 2006 restated £m
Turnover	890.1	1,173.4	2,063.5
Cost of sales	(783.5)	(976.7)	(1,760.2)
Gross profit	106.6	196.7	303.3
Operating expenses	(112.8)	(116.0)	(228.8)
Net operating expenses (excluding goodwill amortisation and share option charge)	(102.4)	(97.9)	103.0
Operating profit before goodwill amortisation and share option charge	4.2	98.8	103.0
Share option charge	(4.8)	(1.9)	(6.7)
Goodwill amortisation	(5.6)	(16.5)	(22.1)
Operating profit	(6.2)	80.4	74.2

Sportingbet Plc
Audited Notes Continued
Year Ended 31 July 2007

2. Group statement of total recognised gains and losses:

	2007	2006
	£m	Restated £m
(Loss)/profit for the financial year	(312.3)	69.4
Exchange translation difference on consolidation	4.2	(15.8)
	(308.1)	53.6
Prior year restatement in respect of share-based payments	1.3	-
Total recognised gains and losses since the last annual report	(309.4)	53.6

3. Analysis of turnover and operating profit:

(a) By geography	Continuing operations £m	Discontinued operations £m	Total 2007 £m
Turnover			
Spain	142.0	-	142.0
Turkey	127.4	-	127.4
Rest of Europe	385.9	-	385.9
Total Europe	655.3	-	655.3
Australia	439.3	-	439.3
Americas	3.2	227.1	230.3
	1,097.8	227.1	1,324.9
Operating profit/(loss)			
Spain	25.9	-	25.9
Turkey	19.5	-	19.5
Rest of Europe	63.4	-	63.4
Operating and central costs	(108.7)	-	(108.7)
Total Europe	0.1	-	0.1
Australia	1.2	-	1.2
Americas	(5.3)	(68.6)	(73.9)
Unallocated central cost	(28.3)	(213.0)	(241.3)
	(32.3)	(281.6)	(313.9)

Americas region relates to operations serving customers in North America (including Canada) as well as South America. Discontinued operations related to those that have been sold or terminated prior to the enactment of the US Unlawful Internet Gambling Enforcement Act on 13 October 2006.

Sportingbet Plc
Audited Notes Continued
Year Ended 31 July 2007

3. Analysis of turnover and operating profit (continued):

	Continuing operations £m	Discontinued operations £m	Total 2006 £m
Turnover			
Spain	122.6	-	122.6
Turkey	103.0	-	103.0
Rest of Europe	313.7	-	313.7
Total Europe	539.3	-	539.3
Australia	346.6	-	346.6
Americas	4.2	1,173.4	1,177.6
	890.1	1,173.4	2,063.5
Operating profit			
Spain	24.5	-	24.5
Turkey	17.3	-	17.3
Rest of Europe	35.4	-	35.4
Operating and central costs	(76.0)	-	(76.0)
Total Europe	1.2	-	1.2
Australia	3.5	-	3.5
Americas	1.1	86.7	87.8
Unallocated central cost	(12.0)	(6.0)	(18.0)
	(6.2)	80.7	74.5
		2007	2006
		£m	£m
Net assets			
Americas		5.1	189.0
Europe		62.2	183.6
Australia		4.9	5.7
Total		72.2	378.3

No further analysis of Europe has been provided on the basis that all assets and liabilities relate jointly to these European segments. Any allocation of these items would be arbitrary.

(b) By activity	2007	2006
	£m	£m
Turnover		
Sportsbetting	1,241.0	1,869.8
Casino and gaming	37.5	65.8
Poker rake	44.5	117.2
Fee income	1.9	10.7
Total	1,324.9	2,063.5

No analysis of operating profit and net assets has been given by activity as all expenses, assets and liabilities relate jointly to these segments. Any allocation of these items would be arbitrary

Sportingbet Plc
Audited Notes Continued
Year Ended 31 July 2007

4. Exceptional items

A number of significant, material events occurred during the year as follows:

	Notes	Continuing £m	Discontinued £m	2007 £m	2006 £m
Reorganisation costs relating to UIGEA	(a)	8.8	5.4	14.2	-
Transfer of licensable activities to the Channel Islands	(b)	5.5	-	5.5	-
Transfer of EMEA and poker customer services operation to Dublin	(c)	1.9	-	1.9	-
Paradise – Boss migration	(d)	2.8	-	2.8	-
PCI DSS compliance	(e)	2.4	-	2.4	-
Impairment of goodwill (Paradise Poker and Sportingodds)	(f)	9.2	178.1	187.3	-
Fixed assets write off	(g)	3.1	-	3.1	-
Reversal of creditor from prior year	(h)	(6.9)	-	(6.9)	-
Impairment losses relating to the disposal of the US business	(i)	-	108.9	108.9	-
		26.8	292.4	319.2	-

- (a) The impact of the passing of the UIGEA and the subsequent decision to close the US-facing part of Paradise Poker and dispose of the remaining US-facing operations resulted in a number of reorganisation costs (including redundancies and other related costs) amounting to £9.0m and retention and loyalty payments to retained employees of £6.6m.
- (b) The costs relating to the transfer of the licensable activities to Alderney and Guernsey include redundancy, recruitment, training, temporary accommodation and other related costs. The project was still in progress at year end and approximately £3.2m of future costs associated with the transfer, but not yet committed, will be charged in the new financial year.
- (c) The costs to create the dedicated EMEA and poker customer services and fraud centre in Dublin comprise redundancy, recruitment, training, temporary accommodation and other related costs.
- (d) Paradise – Boss migration costs relating to the migration of Paradise Poker players to the Boss Media platform include redundancy, one-off migration marketing and other related costs.
- (e) The payment card industry data security standard (PCI DSS) is a mandatory requirement driven by the card scheme operators. The costs incurred were for mobilisation and execution of the PCI DSS compliance programme to ensure confidentiality and integrity of cardholder and other sensitive data.
- (f) Impairment of goodwill represents the write-down of Paradise Poker goodwill following the passing of the UIGEA. A further write-down of goodwill in relation to Paradise Poker occurred as a result of the migration to Boss. In addition, goodwill in relation to sportingodds.com was impaired as a result of the pending migration to the Sportingbet domain.
- (g) As a result of the above events fixed assets no longer used by the continuing business totalling £3.1m have been written off.
- (h) Included in exceptional items is a creditor brought forward from the prior year which is no longer required of £6.9m.
- (i) The impairment losses of £108.9m relate to the disposal of the US-facing sports betting and casino business which was sold for \$1 on 12 October 2006 to Jazette Enterprises Limited. This comprises the impairment of goodwill and other assets.

Sportingbet Plc
Audited Notes Continued
Year Ended 31 July 2007

5. Notes to the Cashflow:

	2007	2006
	£m	Restated £m
(a) Reconciliation of operating (loss)/profit to net cash flow from operating activities		
Operating (loss)/profit	(313.9)	74.2
Amortisation – goodwill	6.6	22.1
Depreciation	7.3	5.5
Impairment of goodwill	294.1	-
Write-off of fixed assets	5.1	-
Decrease in debtors	2.6	0.5
(Decrease)/increase in creditors	(6.0)	13.4
Share option charge	8.2	6.7
Unrealised translation differences	(3.7)	(3.6)
Net cash inflow from operating activities	0.3	118.8

Sportingbet Plc
Audited Notes Continued
Year Ended 31 July 2007

5. Notes to the Cashflow (continued):

	2007 £m	2006 £m
(b) Analysis of cash flows for headings		
Returns on investment and servicing of finance		
Interest received	1.9	1.8
Interest paid	(0.3)	(1.3)
Interest element of finance leases	-	-
Net cash inflow for returns on investments and servicing of finance	1.6	0.5
Taxation		
Tax paid	(1.3)	(0.8)
Net cash outflow for taxation	(1.3)	(0.8)
Capital expenditure		
Purchase of tangible fixed assets	(17.1)	(12.8)
Net cash outflow for capital expenditure	(17.1)	(12.8)
Acquisitions		
Cash consideration and other sums paid to vendors		
- current year	(3.1)	-
- previous year	(19.2)	(15.1)
Cash acquired with subsidiary undertakings	-	0.3
Cash disposed of with subsidiary undertakings	(1.6)	-
Net cash outflow for acquisition	(23.9)	(14.8)
Dividends		
Dividends paid	-	(8.4)
Net cash outflow for dividends	-	(8.4)
Management of liquid resources		
Increase in short term deposits	10.3	(0.2)
Net cash (outflow)/inflow from management of liquid resources	10.3	(0.2)
Financing		
Exercise of share options	0.4	0.6
New bank loan	5.3	-
Repayment of bank loan	(10.8)	(52.8)
Capital element of finance lease	-	(0.1)
Net cash (outflow) from financing	(5.1)	(52.3)

Movements on deferred and contingent consideration brought forward from 31 July 2006 and paid in the year relate to foreign exchange movements.

Sportingbet Plc
Audited Notes Continued
Year Ended 31 July 2007

5. Notes to the Cashflow (continued):

	At 31 July 2006 £m	Cash flows £m	Disposals £m	Other movements £m	At 31 July 2007 £m
(c) Reconciliation of net cash flow to movement in net funds					
Cash	62.3	(35.2)	-	-	27.1
Liquid resources	34.9	(10.3)	(14.7)	-	9.9
	97.2	(45.5)	-	-	37.0
Debt due within 1 year	(10.5)	5.5	-	(0.3)	(5.3)
Debt due after 1 year	-	-	-	-	-
Finance leases	-	-	-	-	-
	(10.5)	5.5	-	(0.3)	(5.3)
Total	86.7	(40.0)	(14.7)	(0.3)	31.7

Sportingbet Plc
Audited Notes Continued
Year Ended 31 July 2007

6. Finance Costs:

	2007	2006
	£m	£m
Bank loans and overdrafts	(0.1)	(1.7)
Amortisation of loan arrangement fees	(0.2)	(1.0)
	(0.3)	(2.7)
Interest receivable	1.9	1.8
	1.6	(0.9)

7. Taxation:

The tax charge for the period is lower than the standard rate for UK corporation tax as explained below:

	2007	2006
	£m	£m
(Loss)/profit on ordinary activities before taxation	(311.6)	71.5
(Loss)/profit assessed at UK corporation tax rate 30% (2006: 30%)	(93.5)	21.4
Expenses not allowed for tax purposes (primarily goodwill amortisation and impairments)	98.1	8.9
Effect of lower tax rates on overseas earnings net of losses	(3.3)	(28.3)
Current tax charge for the period	1.3	2.0

There are taxation losses available to the Group. No deferred tax asset has been provided in respect of these losses available nor in respect of the impact of FRS 20 'Share Based Payments', in view of the uncertainty of taxable profits being available in the appropriate jurisdictions.

8. Dividends:

	2007	2006
	£m	£m
Ordinary shares		
Final 2005 dividend paid of 1.0p per share	-	(4.2)
Interim 2006 dividend paid of 1.0p per share	-	(4.2)
	-	(8.4)

No dividend has been paid or proposed for the year ended 31 July 2007.

Sportingbet Plc
Audited Notes Continued
Year Ended 31 July 2007

9. Earnings per share:

From continuing and discontinued operations	2007	2006
(Loss)/earnings per ordinary share		
Basic	(72.7)p	17.7p
Diluted	(66.4)p	16.9p
<hr/>		
From continuing operations		
Loss per ordinary share		
Basic	(7.1)p	(2.4)p
Diluted	(6.5)p	(2.3)p
<hr/>		
From discontinued operations		
(Loss)/earnings per ordinary share		
Basic	(65.6)p	20.1p
Diluted	(59.9)p	19.2p
<hr/>		
From continuing and discontinued operations		
Adjusted earnings per ordinary share		
Basic	5.1p	24.9p
Diluted	4.7p	23.8p
<hr/>		
From continuing operations		
Adjusted earnings per ordinary share		
Basic	2.1p	0.2p
Diluted	2.0p	0.2p

At the year end there were 29,487,839 of anti-dilutive share options that may be dilutive in the future.

The calculation of basic earnings per share is based on the loss on ordinary activities after taxation and minority interests attributable to shareholders of Sportingbet Plc of £312.3m (2006: £69.4m profit) and the weighted average number of shares in issue during the period of 2007 of 429,655,714 (2006: 394,551,671).

The calculation of diluted earnings per share is based on the loss for financial year of £312.3m (2006: £69.4m profit) and the weighted average number of shares in issue of 470,462,955 (2006: 412,778,778), adjusted to assume the exercise of options over share of 38,872,648 (2006: 8,454,981) and the effect of dilutive earnout shares to be issued of 1,934,593 (2006: 9,772,125).

Due to the size of non-cash items, the Group has adjusted its earnings per Ordinary Share to exclude goodwill amortisation (of its subsidiary undertakings), share option charge and exceptional items.

Adjusted earnings per Ordinary Share excludes amortisation of goodwill of £6.6m (2006: £22.1m), share option charges of £8.2m (2006: £6.7m) and exceptional costs of £319.4m (2006: £nil).

Sportingbet Plc
Audited Notes Continued
Year Ended 31 July 2007

10. Post balance sheet events:

On 16 October 2007 the Group purchased the remaining 10% stake in Sportingbet Italia S.p.A through existing option arrangements. The consideration payable amounts to €1m in Sportingbet shares and completion is expected in December.

In August and September 2007, the Group transferred all those activities that fell under the jurisdiction of the UK Gambling Act to the Channel Islands under a Licence issued by the Alderney Gambling Control Commission. These activities include European operational management, European finance, marketing and trading.

11. Contingent liabilities:

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 Company and 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.

As noted within the regulatory developments section, there have been certain adverse regulatory developments within Turkey and parts of Europe. In addition, the Group as a whole has been impacted by the enactment of the Unlawful Internet Gambling Enforcement Act in the US, in October 2006. Although the Group has ceased taking bets from 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 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.

12. Going concern:

The Directors have considered the implications of the potential impact of regulatory uncertainties. The Directors have reviewed the cash flow projections for the Group in light of these uncertainties and have considered the financial resources available to the Group. Accordingly, the Directors have a reasonable expectation that the Group and Company have adequate resources to continue operations for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

13.

The financial information set out in this announcement does not constitute the Company's statutory accounts for the years ending 31 July 2007 or 31 July 2006. Statutory accounts for 2006 have been delivered to the Registrar of Companies. Accounts for the year ended 31 July 2007 will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The auditors have reported on those accounts; their report was unqualified and did not contain statements under the Companies Act 1985, s 237(2) or (3). The report for the year ended 31 July 2006 contains the following statement:

"Emphasis of matter – post year end disposal and closure of US-facing operations.

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in the financial statements concerning the implications of changes in United States legislation relating to online gaming. As a result of this new legislation, on 12 October 2006, the Group sold its US-facing sports betting and casino operations. The Group has also ceased taking deposits from US resident customers for its Paradise Poker business. The Group's business has been significantly reduced and the carrying values of the Company's investments and the Group's assets employed in its US-facing operations have been significantly impaired."

Sportingbet Plc
Audited Notes Continued
Year Ended 31 July 2007

13. (continued)

The report for the year ended 31 July 2007 contains the following statement:

“Emphasis of matter – regulatory uncertainty.

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of, and draw attention to the disclosures made in the notes regarding the implications of, and uncertainties arising from, regulatory developments concerning on-line gambling and related activities in the United States, Turkey and parts of Europe. There is uncertainty as to the impact such regulatory developments may have on the Group. The notes to the financial statements include a statement that the Board does not consider it probable that a material liability or impairment in the carrying value of assets will arise as a result of any potential action.”

Appendix 1
**EXPLANATION OF TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS
("IFRS")**

Basis of Preparation

The Group's consolidated financial statements have been prepared in accordance with the Companies Act 1985 and United Kingdom Accounting Standards ("UK GAAP"). UK GAAP differs in certain respects from IFRS. The Group has adopted IFRS for its year ending 31 July 2008 and has an opening IFRS balance sheet for its transitional year at 1 August 2006. Illustrated below are the material areas where it is expected that IFRS would impact on the Group results had it been adopted for the year ended 31 July 2007. This financial information has been prepared in accordance with IFRS endorsed as at 31 July 2007, in terms of content but not layout. As IFRS is subject to ongoing review and endorsement by the European Commission or possible amendment by the International Accounting Standards Board, possible future changes could result in an adjustment to the financial information and disclosure included in this document prior to the issue of financial statements under IFRS. A transitional statement will be issued in due course.

An explanation of how the transition from UK GAAP to IFRS would affect the Group's financial position and financial performance is set out in the following tables and notes that accompany the tables:

Appendix 1
Sportingbet Plc
Unaudited Group Profit and Loss Account Under IFRS
As at 31 July 2007

	Notes	UK GAAP 31 July 2007 £m	Effect of IFRS £m	UK GAAP adjusted for IFRS 31 July 2007 £m
Turnover				
Continuing operations		1,097.8	(977.0)	120.8
Discontinued		227.1	(93.8)	33.3
Turnover				
Cost of sales	1	1,324.9	(1,170.8)	154.1
		(1,170.8)	1,170.8	-
Gross profit		154.1	-	154.1
Share option charge		(8.2)	-	(8.2)
Exceptional items		(319.2)	-	(319.2)
Goodwill amortisation		(6.6)	6.6	-
Other administration expenses	2	(134.0)	-	(134.0)
Net operating expenses (including exceptional items and share options charges)		(468.0)	6.6	(461.4)
Operating profit before exceptionals, share option charge and goodwill amortisation		20.1	-	20.1
Share option charge		(8.2)	-	(8.2)
Exceptional items		(319.2)	-	(319.2)
Goodwill amortisation		(6.6)	6.6	-
Operating loss				
Continuing operations		(32.3)	3.0	(29.3)
Discontinued		(281.6)	3.6	(278.0)
Operating loss		(313.9)	6.6	(307.3)
Loss on disposal		(0.2)	-	(0.2)
Loss on ordinary activities before interest		(314.1)	6.6	(307.5)
Interest receivable/(payable) and similar charges		2.5	-	2.5
Loss on ordinary activities before taxation		(311.6)	6.6	(305.0)
Taxation		(1.3)	-	(1.3)
Loss on ordinary activities after taxation		(312.9)	6.6	(306.3)
Minority interest		0.6	-	0.6
Loss for financial year		(312.3)	6.6	(305.7)

Appendix 1
Sportingbet Plc
Unaudited Group Balance Sheet Under IFRS
As at 31 July 2007

	Notes	UK GAAP 31 July 2007 £m	Effect of IFRS £m	UK GAAP adjusted for IFRS 31 July 2007 £m
Fixed assets				
Intangible fixed assets – goodwill		45.8	6.6	52.4
Intangible fixed assets – software	3	-	6.5	6.5
Tangible assets		19.6	(6.5)	13.1
		65.4	6.6	72.0
Current assets				
Debtors		9.6	-	9.6
Cash at bank and in hand		37.0	-	37.0
		46.6	-	46.6
Creditor – amounts falling due within one year		(38.5)	-	(38.5)
Net current assets		8.1	-	8.1
Total assets less current liabilities		73.5	6.6	80.1
Provision for liabilities		(1.3)	-	(1.3)
Net assets		72.2	6.6	78.8
Capital reserves				
Called up share capital		0.4	-	0.4
Shares to be issued		13.0	-	13.0
Share premium		42.9	-	42.9
Share option reserve		-	-	-
Other reserves		0.3	-	0.3
Profit and loss account		15.9	6.6	22.5
Shareholders' funds		72.5	6.6	79.1
Minority interests		(0.3)	-	(0.3)
		72.2	6.6	78.8

Appendix 1
Sportingbet Plc
Notes Under IFRS
Year Ended 31 July 2007

1. IAS 32 'Financial Instruments: Disclosures and Presentation' and IAS 39 'Financial Instruments: Recognition and Measurement'.

The application of IAS 39 for betting transactions has concluded that such transactions should be treated as financial instruments. Consequently under IFRS the gains and losses arising on betting activities should be reported as revenue measured at the fair value of the consideration received or receivable from customers, net of certain customer bonuses.

Revenue will represent gains and losses, being the amounts staked less total payouts, from betting activity in the period. Open betting positions should be carried at fair market value and gains and losses arising on these positions should be recognised in revenue. Under UK GAAP, the Group reports the total amounts staked by customers on betting activities as revenue, net of certain customer bonuses, and makes no adjustment for the open bet position which is included as a client liability until the sporting event has taken place. The Group will account for the fair market value of open bets when IFRS are adopted. The Group does not anticipate that this will have a material impact.

2. The Group has chosen to elect for the first time adoption exemption for IFRS 3 and account for business combinations under IFRS 3 only for those acquisitions which occur after the date of transition (which is 1 August 2006). Goodwill will be recognised at fair value at the date of transition. Under IFRS 3 goodwill acquired in a business combination is not amortised. Instead goodwill is tested annually for impairment.
3. Under IAS 35 the Group must separately identify computer software as an intangible fixed asset as opposed to a tangible asset under UK GAAP.

FINANCIAL RESULTS: Year ended 31 July 2007

Year ended 31 July 2007

Turnover for the year ended 31 July 2007 was £1,324.9m (2006: £2,063.5m), earning a gross profit of £154.1m (2006: £303.3m) at 11.6% of turnover (2006: 14.7%). Sports betting turnover was £1,241.0m (2006: £1,869.8m), earning a gross profit of £70.2m (2006: £109.6m) at a gross margin percentage of 5.7% (2006: 5.9%). Casino and gaming, poker and fee income contributed a further £37.5m, £44.5m and £1.9m respectively to both turnover and gross margin (2006: £65.8m, £117.2m and £10.7m). Of the £154.1m of gross margin generated, £105.2m (2006: £89.6m) was generated by customers residing in Europe, £33.3m (2006: £196.7m) by US-based customers and £15.6m (2006: £17.0m) by the rest of the world.

Turnover and margin for the period are stated after a deduction for customer bonuses of £10.4m (2006: £19.6m). The sports gross margin percentage as reported was 5.7% (2006: 5.9%). Without the bonus deduction, sports margin percentage was 6.1% (2006: 6.4%).

Operating costs (excluding exceptional items, goodwill amortisation and share option charges) in the year of £134.0m (2006: £200.3m) represented 87.0% (2006: 66.0%) of gross profit. Costs comprised marketing £61.4m (2006: £80.7m), banking fees £19.2m (2006: £42.5m), information technology £10.9m (2006: £19.1m), employee costs £25.0m (2006: £33.6m), other administration costs £10.2m (2006: £19.1m) and depreciation £7.3m (2006: £5.3m).

Operating profit (before exceptional items, goodwill amortisation and share option charge) for the year was £20.1m (2006: £103.0m), representing a margin of 13.0% (2006: 34.0%) of gross profit.

Loss before tax was £311.6m (2006: £71.2m profit), after including share option charge of £8.2m (2006: £6.7m), goodwill amortisation of £6.6m (2006: £22.1m), net interest receivable of £2.5m (2006: £3.0m payable), and exceptional items of £319.2m (2006: £nil).

Significant exceptional items were incurred during the year totalling £319.2m (2006: nil). The loss on cessation of the US-facing sports and casino operations resulted in a charge of £108.9m and related reorganisation charge of £14.2m. The blocking of US players from the Paradise Poker business resulted in an impairment charge to goodwill of £178.1m. A further impairment charge, fixed asset write off and related costs of £14.2m was taken following the migration of Paradise Poker players onto the Boss Media network. These impairment charges write the Paradise Poker related goodwill down to £3.7m. Further exceptional charges of £7.4m were incurred during the year in relation to the move of certain European operations to Dublin and the Channel Islands. In addition, following the merger of the Sportingodds and Sportingbet brands in the UK market, an impairment charge of £3.6m has been taken against the goodwill of the Sportingodds business. Of the total of £319.2m, £20.0m is cash related expenditure.

Finance costs comprised interest receivable on the Group's cash balances of £1.9m (2006: £1.8m), interest payable on bank loans £0.1m (2006: £1.7m), £0.2m (2006: £1.0m) relating to the amortisation of bank fees, and non-cash interest receivable of £0.9m (2006: £2.1m payable) arising from the discounting of future earnout liabilities back to current values in accordance with FRS 7.

Basic earnings per share before exceptional items, share option charge and amortisation of goodwill was 5.1p (2006: 24.9p). Diluted earnings per share before exceptional items, share option charge and amortisation of goodwill was 4.7p (2006: 23.8p).

During the year ended 31 July 2007, the Group generated cash from operating activities of £0.3m (2006: £118.8m). As at 31 July 2007, the Group had £37.0m (2006: £97.2m) of cash and liquid resources on its balance sheet, of which £12.9m (2006: £38.6m) represented customer deposits.

Gross financial liabilities amounted to £5.4m (2006: £47.5m). This comprised a bank loan of £5.3m (2006: £47.5m) and £0.1m due to the vendors of the shareholding in Sportingbet Italia.