

Sportingbet Holdings Limited

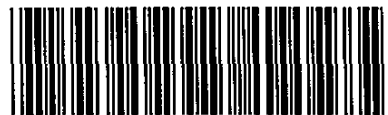
Company number: 07264739

Report and Financial Statements

14 month period ended

31 July 2011

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SPORTINGBET HOLDINGS LIMITED

Annual report and financial statements for the 14 month period ended 31 July 2011

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Directors

A R McIver
J H Wilkinson

Secretary and registered office

D J Falsman, 4th Floor, 45 Moorfields, London, EC2Y 9AF

Company number

07264739

Auditor

Grant Thornton UK LLP, Grant Thornton House, Melton Street,
London, NW1 2EP

SPORTINGBET HOLDINGS LIMITED

Report of the directors for the 14 month period ended 31 July 2011

Sportingbet Holdings Limited was incorporated on 25 May 2010. The directors present their report together with the audited financial statements of the Company for the 14 month period from the date of incorporation to 31 July 2011.

Results and dividends

The profit and loss account is set out on page 6 and shows the loss for the period. The directors do not recommend the payment of a dividend.

Principal activities

The principal activity of the Company is that of a holding company. The Company also holds cash reserves and provides funding, when required, to other companies within the Group.

Trading review

The financial performance highlights for the 14 month period ended 31 July 2011 are as follows:

- Administrative expenses were £0.4m
- Loss before and after tax for the 14 month period ended 31 July 2011 of £0.4m

Future developments

The Company intends to continue to provide general management services to other Group companies.

Directors

The directors of the Company during the 14 month period were:

A R McIver (appointed on 25 May 2010)
J H Wilkinson (appointed on 25 May 2010)

Treasury management

The Company's Treasury function provides a centralised service for the provision of finance and the management and control of liquidity, foreign exchange and interest rates. The function operates as a cost centre and manages the Company's treasury exposure to reduce risk in accordance with policies approved by the Board.

It is not the policy of the Company to trade in or enter into speculative transactions. Authorities, procedures and reporting responsibilities are documented and regularly reviewed.

Due to the international nature of its core activities, the Company's reported result, net assets and cash flows are all affected by foreign exchange rate movements.

Operations are financed by a mixture of retained profits, bank borrowings and long term loans. In addition, various financial instruments, such as trade debtors and trade creditors, arise directly from the Company's operations.

SPORTINGBET HOLDINGS LIMITED

Report of the directors for the 14 month period ended 31 July 2011 (*continued*)

Policy and practice of payment of suppliers

It is the policy of the Company to agree appropriate terms and conditions for its transactions with suppliers by means ranging from standard written terms to individually negotiated contracts. Payments are made in accordance with these terms and conditions.

Going concern

The Directors have considered the implications of the potential impact of regulatory uncertainties discussed in note 14. The Directors have reviewed the cash flow projections for the Company in light of these uncertainties and have considered the financial resources available to the Company. Accordingly, the Directors have a reasonable expectation that the Company has 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.

Directors' responsibilities

The directors are responsible for preparing the Report of the directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each director is aware,

- there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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Report of the directors for the 14 month period ended 31 July 2011 (*continued*)

Auditor

Grant Thornton UK LLP were appointed to fill a casual vacancy in accordance with section 485(3) of the Companies Act 2006

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the Company receives notice under section 488(1) of the Companies Act 2006

By order of the Board

D J Talisman

D J Talisman
Secretary
Sportingbet Holdings Limited
Company number: 07264739

Date 4 October 2011

SPORTINGBET HOLDINGS LIMITED

Report of the independent auditor

To the members of Sportingbet Holdings Limited

We have audited the financial statements of Sportingbet Holdings Limited for the 14 month period ended 31 July 2011 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 and Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view, of the state of the Company's affairs as at 31 July 2011 and its loss for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

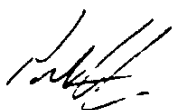
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Report of the independent auditor *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Paul Etherington BSc FCA CIP
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

Date 4 October 2011

SPORTINGBET HOLDINGS LIMITED

Profit and loss account for the 14 month period ended 31 July 2011

	Note	14 month period ended 31 July 2011 £000's
Administrative expenses		(113,038)
Operating loss	2	(113,038)
Operating loss before exceptional items		(1,043)
Exceptional items	5	(111,995)
Operating loss		(113,038)
Income from shares in group undertakings		51,106
Interest payable	3	(5,750)
Interest receivable	4	2,732
Loss on ordinary activities before taxation		(64,950)
Taxation	6	-
Loss on ordinary activities after taxation		(64,950)

All amounts relate to continuing activities

The notes on pages 8 to 14 form part of these financial statements

SPORTINGBET HOLDINGS LIMITED

Balance sheet at 31 July 2011

	Note	2011 £000's
Fixed assets		
Investments	7	260,704
Current assets		
Debtors	8	57,130
Cash at bank		2,364
Net current assets		59,494
Total assets less current liabilities		320,198
Creditors: amounts falling due in more than one year	9	(124,495)
Net assets		195,703
Capital and reserves		
Called up share capital	10	2,469
Share premium	11	13,727
Profit and loss account	11	179,507
Shareholders' funds	11	195,703

The financial statements were approved by the Board and authorised for issue on 4 October 2011 and signed on their behalf by



J H Wilkinson
Director

The notes on pages 8 to 14 form part of these financial statements

SPORTINGBET HOLDINGS LIMITED

Notes forming part of the financial statements for the 14 month period ended 31 July 2011

1 Accounting policies

The financial statements have been prepared under the historical cost convention, and are in accordance with applicable accounting standards. The Company's ability to continue trading as a going concern is dependent on financial support from its ultimate parent company.

The principal accounting policies are summarised below. They have all been applied consistently throughout the 14 month period.

Under the provision of section 400 of the Companies Act 2006, the Company is exempt from preparing consolidated financial statements and has not done so, therefore the financial statements show information about the Company as an individual entity.

The following principal accounting policies have been applied:

Going concern

The directors have considered the implications of the potential impact of regulatory uncertainties discussed in note 14. The directors have reviewed the cash flow projections of the Company and ongoing support from its parent in light of these uncertainties and have considered the financial resources available to the Company. Accordingly, the directors have a reasonable expectation that the Company has 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.

Cash flow statement

The Company is exempt from the requirement under Financial Reporting Standard 1 (Revised) "Cash Flow Statements" to prepare a cash flow statement as its cashflows are consolidated in the financial statements of Sportingbet plc which are publicly available.

Fixed asset investments

Fixed asset investments are shown at cost less any amounts written off. Provisions are made for impairment. Only dividends received and receivable are credited to the Company's profit and loss account.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

SPORTINGBET HOLDINGS LIMITED

Notes forming part of the financial statements for the 14 month period ended 31 July 2011 *(continued)*

1 Accounting policies *(continued)*

Deferred taxation

Deferred tax is recognised in respect of all material timing differences that have originated but not reversed by the balance sheet, except for deferred tax assets which are only recognised to the extent that they have either been agreed with the relevant tax authority and/or the Company anticipates making sufficient suitable taxable profits in the near future. Deferred tax balances are not discounted.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

2 Operating loss

14 month
period ended
31 July 2011
£000's

This has been arrived at after charging

Exceptional items (note 5)	111,995
Auditor's remuneration - audit	-
Foreign exchange loss	1,043

The Company has taken the exemption not to disclose auditor's remuneration for non-audit services on the grounds that this information is disclosed in the accounts of the ultimate parent company, which are publicly available.

3 Interest payable

14 month
period ended
31 July
2011
£000's

Interest payable to group undertakings	(5,750)
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SPORTING BET HOLDINGS LIMITED

Notes forming part of the financial statements for the 14 month period ended 31 July 2011 *(continued)*

4 Interest receivable

14 month
period ended
31 July
2011
£000's

Interest receivable from group undertakings	2,679
Bank interest	53
	2,732

5 Exceptional items

Included in administration expenses are exceptional items of £112m, a breakdown of which is set out below

14 month
period ended
31 July
2011
£000's

Intercompany loan waiver	5,728
Impairment of investments (note 7)	106,267
	111,995

SPORTINGBET HOLDINGS LIMITED

Notes forming part of the financial statements for the 14 month period ended 31 July 2011 (*continued*)

6 Taxation

	14 month period ended 31 July 2011 £000's
Current period charge	-
Loss on ordinary activities before taxation	(64,950)
Tax on loss on ordinary activities at standard UK Corporation tax rate of 27.3%	(17,753)
Effects of	
Expenses disallowed	14,985
Tax losses arising in the period	2,768
Current period charge	-

The company has tax losses carried forward of £2.8m. The directors have chosen not to recognise a deferred tax asset in respect of these losses on the grounds that it is not probable that there will be sufficient taxable profit in future years against which the asset can be recovered.

SPORTINGBET HOLDINGS LIMITED

Notes forming part of the financial statements for the 14 month period ended 31 July 2011 (*continued*)

7 Investments

Shares in
subsidiary
undertakings
2011
£000's

Investments – cost	
Acquisitions	366,971
As at 31 July 2011	366,971
Investments – provision for impairment	
Charge in the period (note 5)	106,267
As at 31 July 2011	106,267
Investments – valuation	
As at 31 July 2011	260,704

The following subsidiary undertakings were acquired during the period and were wholly owned at 31 July 2011

Subsidiary	Activity	Country of incorporation or registration
Interactive Sports (CI) Limited	Online betting	Alderney
Interactive Sports Limited	Online betting	England
Sportingbet Australia Pty Limited	Online and telephone betting	Australia
Sbet Australia Pty Limited	Australia holding company	Australia
Internet Opportunity Entertainment (Sports) Limited	Online betting	Antigua and Barbuda
Platinum Management Advisors S A	Administrative services	Costa Rica
Sporting Odds Limited	Online betting	England
MLB Limited	Contract call centre	Ireland
Anfield Group Limited	Investment holding company	B V I
Sb Properties (Guernsey) Limited	Investment property holding company	Guernsey
Sportingbet (Management Services) Limited	Administrative services	England
Sportingbet (IT Services) Limited	Software development and IT related services	England
Sportingbet (Product Services) Limited	Market research, project management and web design services	England
Spread Your Wings Limited	Online betting	Malta
SBT Software Operations (SA) (PTY) Limited	Online betting	South Africa

For all undertakings listed above, the country of incorporation is the same as the country of operation

SPORTINGBET HOLDINGS LIMITED

Notes forming part of the financial statements for the 14 month period ended 31 July 2011 (*continued*)

8 Debtors	2011 £000's
Amounts due from group undertakings	57,130

Amounts due from group undertakings have no fixed date for recovery. Intercompany loan balances bear interest at the rate of 4.5% per annum.

9 Creditors: amounts falling due in more than one year	2011 £000's
Amounts owed to group undertakings	124,495

Amounts owed to group undertakings have no fixed date for repayment. Intercompany loan balances bear interest at the rate of 4.5% per annum.

10 Share capital	2011 £000's
Allotted, issued and fully paid	
2,469,263,000 ordinary 1p shares	<u>2,469</u>

At the date of incorporation the Company issued 1 ordinary share at par value.

On 8 June 2010, the Company issued 246,926,300 £1 ordinary shares for £260,653,401 resulting in a share premium of £13,727,101.

On 9 June 2010, the Company undertook a Capital reduction exercise whereby the par value of shares were reduced from £1 to 1p. The effect was to reduce share capital by £244,257,038. A solvency statement made under section 643 of the Companies Act 2006 was filed with the register of companies.

SPORTINGBET HOLDINGS LIMITED

Notes forming part of the financial statements for the 11 month period ended 31 July 2011 (*continued*)

11 Shareholders' funds

	Share Capital £'000s	Share Premium £'000s	Profit and loss account £'000s	Total £'000s
Issue of share capital	246,926	13,727		260,653
Capital reduction	(241,457)		241,457	
Loss for the period			(64,950)	(64,950)
	<u>2,469</u>	<u>13,727</u>	<u>179,507</u>	<u>195,703</u>

12 Related party transactions

The Company has taken advantage of the exemption in Financial Reporting Standard 8 "Related Party Disclosures" from the requirement to disclose transactions with Group companies on the grounds that the Company is a wholly owned subsidiary and publicly available consolidated financial statements are prepared by the ultimate parent company

13 Parent company

The Company's immediate and ultimate parent company is Sportingbet Plc, a company incorporated in England and Wales. Copies of the Group accounts prepared by the ultimate parent company are available from 4th Floor, 45 Moorfields, London, EC2Y 9AE

14 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 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

There is uncertainty as to what actions, if any, may occur from the above noted events, and any impact as 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

SPORTINGBET HOLDINGS LIMITED

The page which follows does not
form part of the statutory
financial statements of the Company

SPORTINGBET HOLDINGS LIMITED

Detailed profit and loss account for the 14 month period ended 31 July 2011

	14 month period ended 31 July 2011 £000s
Administrative expenses	
Exceptional items	111,995
Foreign exchange losses	1,043
Total	113,038