

bet365 Group Limited

REPORT AND FINANCIAL STATEMENTS

28 March 2010



Company Registration No 04241161

bet365 Group Limited

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bet365 Group Limited
DIRECTORS AND ADVISORS

DIRECTORS

P Coates

JF Coates

D Coates

WW Rosell

SECRETARY

SJ Adlington

REGISTERED OFFICE

Hillside

Festival Way

Stoke-on-Trent

Staffordshire

ST1 5SH

AUDITORS

Baker Tilly UK Audit LLP

Chartered Accountants

Festival Way

Stoke-on-Trent

Staffordshire

ST1 5BB

bet365 Group Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of bet365 Group Limited for the 52 week period ended 28 March 2010

PRINCIPAL ACTIVITIES

The principal activities of the Group are the provision of Internet, mobile and telephone sports betting along with an online casino, games, bingo and poker room, on-course betting and software development. The Group is also the majority shareholder in Stoke City Football Club Limited and Stoke City (Property) Limited, a Company owning the Stadium of the Football Club and training ground used by the Football Club. bet365 Group Limited is the holding Company of the Group and owns certain office buildings used by the Group.

RESULTS AND DIVIDENDS

The Group's profit before taxation for the period comprised of £104,633,000 (2009: £72,173,000) from its gambling operations and a loss of £3,951,000 (2009: £5,642,000) on the Football Club and Stadium, resulting in a combined Group profit of £100,682,000 (2009: £66,531,000) for the period.

The directors paid a total dividend of £25,000,000 during the period (2009: £25,000,000) which leaves a profit of £55,362,000 (2009: £27,427,000) to be retained.

REVIEW OF THE BUSINESS

The Group saw significant growth in the year, with amounts wagered increasing by some 56%, reflecting large scale investments across its Sports platforms, including its market-leading In-Play product, depth of markets and bet offerings, and extent of live-streaming content. Growth was achieved in both its UK and International customer base, and underpinned the strong financial performance for the period.

Overall, active users increased by 49% and reached 890,000 for the period, with a 51% increase in the number of new real-money depositors in the period to 28 March 2010, aided by significant investment in marketing and brand promotion.

Average Sports gross margins continued to be stable at around 4.3% (2009: 4.6%), with Sports yields also level at just over £300 per active user. The telephone business was broadly level, reflecting the increasing trend towards Internet sports betting, which achieved over 700,000 users in the period.

Hillside (Gibraltar) Limited achieved strong growth across all of its Gaming products, reflecting a continuation of the increased scale of gaming operations.

Casino net revenue increased by 31% over the previous period. A number of new branded games were added during the period, whilst innovations included the launch of Euro Live dealers.

The Poker market remains highly competitive, however investment in large affiliates, combined with a review of customer bonus levels, helped the product to achieve a 14% growth in net revenue year-on-year.

Games performed strongly, as the Group continued to increase the number of branded games offered to customers, and also benefitted from increased cross-selling from other products. Net revenue saw growth of over 105%, with yield per active customer also increasing by some 21% over the previous period.

Bingo achieved growth of over 100%, although the 2009/2010 figures compare with less than a full year's trading the period before, as Bingo launched in the summer of 2008. The continuation of TV campaigns, along with the product becoming more established, were influencing factors, despite this sector being very competitive.

Continued product development and promotional activity, supported by an expansion of the Gaming Rewards Team, helped to drive the business forward, whilst on-going improvements in customer support ensured high levels of customer satisfaction.

bet365 Group Limited

DIRECTORS' REPORT

Hillside (Gibraltar) Limited's move to larger offices early in 2010 included installation of a secure server room for its Gaming equipment, and related increases in overall local IT infrastructure. Staff numbers continued to increase steadily, with over 80 at the end of March 2010, and included additional recruitment into its Customer Support Centre team, reporting to the local Operations Director. The Board of Directors of Hillside (Gibraltar) Limited are pleased with the progress made in these areas and are confident that it will continue to help to drive the business forward.

The Group's share of Stoke City Football Club's losses for the period was £3,951,000 (2009: £5,642,000). The Club continued to maintain its status as a Premier League Football Club, and operated at full capacity for most matches. The Club has continued to invest heavily in the quality of its squad to maintain its status, with annual wage costs increasing to £44.7m (2009: £29.7m). The Group continues to support, fund and invest in the Club throughout the period.

The Boards of each of Hillside (Gibraltar) Limited, the Club and of the Group each budget their own cost bases and income projections and, through effective review processes, ensure that any variances are analysed and explained.

RISKS AND UNCERTAINTIES

There are a number of material risks and uncertainties which are common to all the major providers of remote gambling services. These include:

1. Volume risks – Competitors could attract away bet365's customers and/or bet365's marketing spend may not sufficiently attract new customers.
2. Margin risk – Although bet365's Trading team are experienced in managing risk, there is always a range of profit/loss for different outcomes of an individual event. This means that a run of poor results could adversely affect margin over a period. However, historically the Group has found that margins revert to normal levels over a longer time period.
3. Regulatory risk – Regulatory, legislative and fiscal regimes for betting and gaming in bet365's key markets can change, sometimes at short notice. Such changes could have an effect on the results of bet365 and additional costs might be incurred in order to comply with any new laws or regulations. bet365 monitors legislative and regulatory developments in all of its key markets allowing it to quickly assess and adapt to changes in the environment and minimise risks to the business.
4. Technology risk – the majority of the Group's business is transacted over the Internet. The Group is continually investing at a high level to minimise technology risk, but there remains the possibility that a technology failure could adversely affect the Group's ability to trade for a period and therefore affect its profits.

The Football Club's main risks and uncertainties centre around the ability to train, acquire and develop Players to sufficient standard to retain and improve its position in the Premier League.

FUTURE DEVELOPMENTS

The Group continues to invest in its product development, infrastructural requirements and marketing programmes utilising its bet365 brand and expects the business to continue to perform and grow strongly across its product range. The changing worldwide gambling and leisure industries may or may not provide opportunities for further acquisitions by the Group.

bet365 Group Limited

DIRECTORS' REPORT

FINANCIAL INSTRUMENTS

The Group's cash flow fluctuates according to the timing of payments out the amounts of client balances and Group profitability. The directors manage deposits to gain the best possible interest rates commensurate with having funds available to meet requirements on demand. Although interest received will vary according to interest rate levels, the differences to Group results arising are not sufficient to warrant the Group using derivatives or other methods to manage interest rates in any way.

HEDGING FOREIGN EXCHANGE TRANSACTIONS

The Group accepts bets in different currencies. Its exposure to foreign exchange risk is limited to the liability to repay client balances in the currency deposited, less the amounts held by the Group on bank deposit in that currency. The Group's policy is to hedge this risk where significant, although the Group currently has no formal hedging in place.

RESEARCH AND DEVELOPMENT

The Group encourages innovation in its product offerings, both by improving existing products and introducing new opportunities. Some bet offerings and games are unique to bet365, others have been imitated by other firms. Successful innovation attracts new customers to bet365 and encourages others to remain with bet365.

MARKET VALUE OF LAND AND BUILDINGS

The directors are of the opinion that the market value of property at 28 March 2010 would exceed the net book value included in the financial statements, but they are unable to quantify this excess in the absence of a professional valuation, the costs of which are not considered justifiable in view of the Group's intention to retain ownership of its existing property for use in its business for the foreseeable future.

DIRECTORS

The following directors have held office since 30 March 2009:

P Coates
JF Coates
D Coates
WW Roseff

EMPLOYEES

It is the Group's policy that disabled persons should have the same consideration as others for all job vacancies for which they apply as suitable candidates and, depending entirely on their skills and abilities, they have the same opportunity for training, career development and promotion as other employees. Attention is paid to the training and other needs of persons who become disabled whilst in the Group's employment.

The Group places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on various factors affecting the performance of the Group. This is achieved through formal team briefings and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Group made charitable contributions during the period of £172,000 (2009: £125,000) consisting of £150,000 to the Responsibility in Gambling Trust, £6,000 to Gordon House Associates, £5,000 to International Health Honduras, £5,000 to Cancer Research, and £6,000 to local charities.

A political donation of £100,000 was made to the Labour Party during the period.

bet365 Group Limited

DIRECTORS REPORT

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITORS

Baker Tilly UK Audit LLP, Chartered Accountants, were appointed auditors by the company. Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and therefore Baker Tilly UK Audit LLP will continue in office.

By order of the board



S.J. Adlington
Secretary

Hillside
Festival Way
Stoke-on-Trent
Staffordshire
ST1 5SH

22 December 2010

bet365 Group Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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

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

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 of the group and the company and of the profit or loss of the group for that period

In preparing those financial statements, the directors are required to

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF bet365 GROUP LIMITED

We have audited the group and parent company financial statements (the financial statements) on pages 8 to 35. 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 of 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 auditors

As more fully explained in the Directors' Responsibilities Statement set out on page 6, 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 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

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/UKNP.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 28 March 2010 and of the group's profit 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 Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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.

Baker Tilly UK Audit LLP

Anne Lakin (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP
Chartered Accountants
Festival Way
Stoke-on-Trent
Staffordshire
ST1 5BB

22 December 2010

bet365 Group Limited
CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the 52 week period ended 28 March 2010

		52 week period ended 28 March 2010			52 week period ended 29 March 2009
	Note	Sports and gaming	Football Club and stadium	Total	
		£000	£000	£000	£000
AMOUNTS WAGERED		5,402,989	-	5,402,989	3,470,652
TURNOVER	1	360,370	59,380	419,750	288,746
Operating expenses		(256,862)	(65,027)	(321,889)	(225,341)
OPERATING PROFIT		103,508	(5,647)	97,861	63,405
Profit on disposal of players registrations		-	1,629	1,629	455
Interest receivable and similar income	2	1,125	74	1,199	2,864
Interest payable and similar charges	3	-	(7)	(7)	(193)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	1-5	104,633	(3,951)	100,682	66,531
Taxation	6			(20,320)	(14,104)
PROFIT FOR THE PERIOD	18			80,362	52,427


Turnover and operating profit are derived from the Group's continuing operations

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account

bet365 Group Limited
CONSOLIDATED BALANCE SHEET
At 28 March 2010

	Note	28 March 2010		29 March 2009	
		£000	£000	£000	£000
FIXED ASSETS					
Intangible assets	8		41,083		34,964
Tangible assets	9		71,460		40,449
			112,543		75,413
CURRENT ASSETS					
Stocks	11	589		157	
Debtors (amounts due in more than one year £3,991,000 (2009 £2,745,000))	12	19,714		13,255	
Cash at bank and in hand		150,939		102,534	
		171,242		115,946	
CREDITORS Amounts falling due within one year	13	(126,503)		(90,644)	
NET CURRENT ASSETS			44,739		25,302
TOTAL ASSETS LESS CURRENT LIABILITIES			157,282		100,715
CREDITORS Amounts falling due in more than one year	14		(8,001)		(8,746)
PROVISIONS FOR LIABILITIES	15		(2,365)		(415)
NET ASSETS			146,916		91,554
CAPITAL AND RESERVES					
Called up share capital	16		3		3
Share premium account	17		18,998		18,998
Profit and loss reserve	18		127,915		72,553
SHAREHOLDERS' FUNDS			146,916		91,554

The financial statements on pages 8 to 35 were approved by the board of directors and authorised for issue on 22 December 2010 and are signed on its behalf by

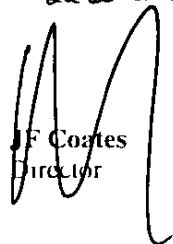

JF Coates
 Director

Company Registration No 04241161

bet365 Group Limited
COMPANY BALANCE SHEET
At 28 March 2010

	Note	28 March 2010 £000	29 March 2009 £000
FIXED ASSETS			
Tangible assets	9	10,800	7,581
Investments	10	10,000	10,000
		<u>20,800</u>	<u>17,581</u>
CURRENT ASSETS			
Debtors (amounts due in more than one year £39,751,000 (2009 £1,353,000))	12	39,828	34,601
CREDITORS Amounts falling due within one year	13	(11)	(26 098)
NET CURRENT ASSETS		<u>39,817</u>	<u>8,503</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>60,617</u>	<u>26,084</u>
CREDITORS Amounts falling due in more than one year	14	(34,233)	-
PROVISIONS FOR LIABILITIES	15	(74)	(16)
NET ASSETS		<u><u>26,310</u></u>	<u><u>26,068</u></u>
CAPITAL AND RESERVES			
Called up share capital	16	3	3
Share premium account	17	18,998	18,998
Profit and loss reserve	18	7,309	7,067
SHAREHOLDERS FUNDS		<u><u>26,310</u></u>	<u><u>26,068</u></u>

The financial statements on pages 8 to 35 were approved by the board of directors and authorised for issue on 22 December 2010 and are signed on its behalf by


J F Coates
 Director

Company Registration No 04241161

bet365 Group Limited

CONSOLIDATED CASH FLOW STATEMENT

For the 52 week period ended 28 March 2010

	Note	52 week period ended 28 March 2010 £000	52 week period ended 29 March 2009 £000
CASH FLOW FROM OPERATING ACTIVITIES	20	154,835	112,624
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		1,154	2,864
Interest paid		(7)	(193)
NET CASH INFLOW FOR RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		1,147	2,671
TAXATION		(20,407)	(8,528)
CAPITAL EXPENDITURE			
Purchase of intangible assets		(25,976)	(28,705)
Sale of intangible assets		4,809	817
Purchase of tangible fixed assets		(38,594)	(10,308)
Sale of tangible fixed assets		45	148
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE		(59,716)	(38,048)
ACQUISITIONS AND DISPOSALS			
Acquisition of a trade – deferred consideration		-	(5 821)
Acquisition of a subsidiary – deferred consideration		(2,230)	(3,250)
NET CASH OUTFLOW FOR ACQUISITIONS AND DISPOSALS		(2,230)	(9,071)
DIVIDENDS PAID	7	(25,000)	(25,000)
FINANCING			
Investments		(224)	(502)
NET CASH OUTFLOW FOR FINANCING		(224)	(502)
INCREASE IN CASH IN THE PERIOD	22	48,405	34,146

bet365 Group Limited

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

For the 52 week period ended 28 March 2010

	Note	Group		Company	
		52 week period ended 28 March 2010 £000	52 week period ended 29 March 2009 £000	52 week period ended 28 March 2010 £000	52 week period ended 29 March 2009 £000
PROFIT FOR THE FINANCIAL PERIOD		80,362	52,427	25,242	12,668
Dividends paid	7	(25,000)	(25,000)	(25,000)	(25,000)
NET ADDITION TO/(REDUCTION IN) SHAREHOLDERS' FUNDS		55,362	27,427	242	(12,332)
Opening shareholders funds		91,554	64,127	26,068	38,400
CLOSING SHAREHOLDERS' FUNDS		146,916	91,554	26,310	26,068

bet365 Group Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The Group has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the bet365 Group Limited group and are controlled 100% by the Group

The financial statements have been prepared on a going concern basis which assumes that the group will be able to continue to trade for the foreseeable future

The validity of the going concern basis is dependent upon the group managing the risks of the business as identified in the directors' report on page 3 and its financial arrangements. The directors consider that they have sufficient controls in place to manage the risks of the group and that the group has and will continue to generate sufficient cash flows to meet the group's working capital requirement without the need for any external finance

On this basis the directors consider it appropriate to prepare financial statements on a going concern basis

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of bet365 Group Limited and all of its subsidiary undertakings for the period. Subsidiaries acquired during the period are consolidated using the acquisition method. Their results are incorporated from the date that control passes. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is capitalised as goodwill, less any provision made for goodwill impairment. All financial statements are made up to 28 March 2010 except for Stoke City Holdings Limited and Stoke City Football Club Limited which have a 31 May 2010 year end to align the financial year end with the commercial considerations of the individual entities. Detailed management accounts at 31 March 2010 have been used as a basis for the consolidation of these subsidiaries. In addition Stoke City (Property) Limited's year end is 31 March 2010

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group

As permitted by Section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account

INTANGIBLE FIXED ASSETS

Purchased goodwill representing the excess of the purchase price compared with the fair value of net assets acquired is capitalised

The directors have considered each constituent component of intangible assets separately to determine the appropriate amortisation in order that the financial statements provide a true and fair view

- The goodwill supportable by the strength of the bet365 brand and Stoke City Football Club are considered to have an indefinite useful economic life and will not be amortised but subject to an annual impairment review in accordance with Financial Reporting Standard 10 and Financial Reporting Standard 11, with any excess of the carrying amount of goodwill over its recoverable amount being charged directly to the profit and loss account in the period in which it occurs

bet365 Group Limited

ACCOUNTING POLICIES

INTANGIBLE FIXED ASSETS (continued)

- The goodwill arising on the acquisition of the trade of Bowmans International Sports (IOM) Limited is written off evenly over 5 years from the date of acquisition on 1 December 2006, as in the opinion of the directors this represents the period over which the goodwill is expected to generate economic benefit
- The third party costs associated with the acquisition of players' registrations and coaching staff are capitalised and amortised on a straight line basis over the period of their respective contracts. Any transfer fees payable as a result of the occurrence of one or more uncertain future events are capitalised when it is probable such an event will occur. Provision for impairment is made when it becomes clear that the recoverable amount exceeds the carrying amount. In accordance with Financial Reporting Standard 10, no amounts are included for players developed within the Club.

The Companies Act 2006 requires goodwill and its constituent components to be amortised over a finite period. If the above departures from the Companies Act 2006 had not been made the profit for the financial period may have been decreased by amortisation. The amount of this amortisation is not considered material because of the indefinite life of these assets and the directors have invoked a true and fair override.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost

Depreciation is provided on tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Freehold land and buildings	-	No depreciation charged
Leasehold land and buildings	-	No depreciation charged or over the life of the lease
Fixtures and fittings	-	15% per annum straight line
Computer equipment	-	33.3% per annum straight line
Plant and motor vehicles	-	25% per annum straight line

No depreciation is provided on freehold land and buildings and certain long leasehold land and buildings used for the purpose of carrying on the Group's business. It is the Group's practice to maintain these assets in a continual state of sound repair and to extend and make improvements thereto from time to time and accordingly the directors consider that the lives of these assets are so long and residual values (based on prices prevailing at the time of acquisition) are so high that their depreciation is not material. An annual impairment review of the value of such properties is performed and any excess of the carrying amount of such properties over their recoverable amounts is charged to the profit and loss account as appropriate.

The Companies Act 2006 requires fixed assets and its constituent components to be amortised over a finite period. If the departure from the Companies Act 2006 had not been made the profit for the financial period may have been decreased by additional depreciation. The amount of this depreciation is considered not material because of the indefinite life of these assets and the directors have invoked a true and fair override.

INVESTMENTS

Fixed asset investments are stated at cost. Provision is made for any impairment in the value of fixed asset investments.

SOFTWARE DEVELOPMENT

Expenditure on software development is written off to the profit and loss account in the period in which it is incurred.

STOCKS AND WORK IN PROGRESS

Stocks and work in progress are valued at the lower of cost and net realisable value.

bet365 Group Limited

ACCOUNTING POLICIES

FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

The local currency of the overseas subsidiary is Sterling. No exchange differences therefore arise on consolidation of the overseas subsidiary.

DEFERRED TAXATION

Deferred tax is recognised in respect of timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax on future remittances from trading overseas subsidiaries are only provided to the extent dividends are accrued as receivable or that there is a binding agreement in place to distribute past earnings.

Deferred tax assets are only recognised when their recoverability can be assessed with certainty in the foreseeable future and is considered more likely than not.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

GRANTS

Grants received by Stoke City Football Club Limited from the Football Trust in respect of the building costs of the Britannia Stadium, the freehold of which is owned by Stoke City (Property) Limited, are treated as deferred income and released to the profit and loss account over a period of 50 years.

Grants received from The Football Trust and other awarding bodies in respect of other capital expenditure are treated as deferred income and released to the profit and loss account over the expected useful lives of the related assets.

Grants received in respect of revenue expenditure and financial support are recognised in the profit and loss account in the period in which the relevant expenditure is incurred.

A provision is recognised to the extent that repayment of a grant is considered probable.

DEFERRED INCOME

Deferred income relates to Stoke City Football Club Limited and consists of season tickets, sponsorship and other elements of income which have been received prior to the period end in respect of football events, matches or seasons.

LEASED ASSETS AND OBLIGATIONS

Leases that do not give rights approximating to ownership are operating leases and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

RETIREMENT BENEFITS

The group contributes to a number of schemes.

A defined contribution (money purchase) pension scheme whose assets are held separately from those of the Group in an independently administered fund. The amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable for the period.

bet365 Group Limited

ACCOUNTING POLICIES

RETIREMENT BENEFITS (continued)

Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet

Certain of the employees of the Group participate in the Football League Pension and Life Assurance scheme and the Football League Players' Benefit scheme. Both schemes are defined benefit schemes co-sponsored by the FA Premier League and the Football League. The Group makes contributions to the schemes in accordance with the recommendations of the actuaries to the schemes. As Stoke City Football Club Limited is one of a number of participating employers in the schemes, it is not possible to allocate that part of any actuarial surplus or deficit owing to the club's employees. Consequently, contributions are charged to the profit and loss account as they become payable. In addition a provision has been established for future enhanced contributions following instruction from the actuaries of the schemes.

Contributions are also paid to individuals' money purchase pension schemes. The contributions are charged to profit and loss account in the period in which they become payable.

The assets of all the pension schemes are held separately from those of the Group in independently administered funds.

AMOUNTS WAGERED

Amounts wagered represents the gross takings receivable from customers in respect of individual bets placed in the period on the telephone and interactive sports businesses, net winnings on gaming activity for on line casino, games and bingo and net fees and rakes earned from poker.

TURNOVER

In accordance with Application Note G to Financial Reporting Standard 5, revenue is recognised under an exchange transaction with a customer when and to the extent that the Group obtains the rights to consideration in exchange for its performance.

Turnover is the revenue resulting from exchange transactions under which the Group supplies to customers the services that it is in the business to provide and is net of discounts, marketing inducements, VAT and other sales related taxes and is recognised as set out below.

In the case of Internet, mobile and telephone sports betting and on line casino operations (including games and bingo), turnover represents gains and losses from betting activity in the period.

In the case of the online poker room, turnover represents the net income from fees and rakes earned from poker activities in the period.

Turnover recognition is stated on a gross win basis for Internet, mobile and telephone sports betting operations, in line with industry best practice.

In respect of Stoke City Football Club Limited, turnover represents match receipts, Premier League receipts and other income arising from the Club's activities. Revenue is recognised when substantially all of the obligations under a sales contract have been fulfilled. Revenue received from the FA Premier League is recognised in the financial statements on the basis of the number of matches played up to the period end. This is in accordance with the FA Premier League guidelines on income recognition. Performance related awards have not been recognised until achieved by the Club, as the income cannot be assumed with certainty.

CASH

Cash for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts repayable on demand.

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 28 March 2010

1 SEGMENTAL REPORT

A geographical analysis of turnover and profit before taxation has not been given as in the opinion of the directors such disclosure would be severely prejudicial to the interests of the Group

Details for the current year of turnover and profit by class of business is given in the profit and loss account and comparative information for the 52 week period ended 29 March 2009 is shown below

	Sports and gaming £000	Football Club and stadium £000	Total £000
AMOUNTS WAGERED	3,470,652	-	3,470,652
TURNOVER	249,154	39,592	288,746
Operating expenses	(179,631)	(45,710)	(225,341)
OPERATING PROFIT/(LOSS)	69,523	(6,118)	63,405
Profit on disposal of players registrations	-	455	455
Interest receivable and similar income	2,805	59	2,864
Interest payable and similar charges	(155)	(38)	(193)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	72,173	(5,642)	66,531

2 INTEREST RECEIVABLE AND SIMILAR INCOME

	52 week period ended 28 March 2010 £000	52 week period ended 29 March 2009 £000
Bank interest	1,199	2,864

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 28 March 2010

3	INTEREST PAYABLE AND SIMILAR CHARGES	52 week	52 week
		period ended 28 March 2010 £000	period ended 29 March 2009 £000
	On bank loans and overdrafts	7	38
	Other interest	-	155
		<u>7</u>	<u>193</u>
		-	-
4	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	52 week	52 week
		period ended 28 March 2010 £000	period ended 29 March 2009 £000
	Profit on ordinary activities before taxation is stated after charging/(crediting)		
	Depreciation and amounts written off tangible fixed assets		
	Charge for the period		
	Owned assets	7,543	3,998
	Amortisation of player registrations	12,799	9,425
	Impairment of player registrations	2,115	4,283
	Amortisation of goodwill	1,763	2,302
	Profit on sale of fixed assets – included in operating expenses	(5)	(41)
	Operating lease rentals		
	Plant and machinery	46	39
	Land and buildings	311	141
	Grants released	(54)	(101)
	Software development	5,546	3,426
		<u>-</u>	<u>-</u>

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 28 March 2010

4	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (continued)	52 week period ended 28 March 2010 £000	52 week period ended 29 March 2009 £000
	Audit services		
	Statutory audit of parent and consolidation accounts	52	50
	Other services		
	Audit of subsidiaries where such services are provided by Baker Tilly or its associates	43	36
	Work performed by associates of Baker Tilly in respect of consolidation returns or legal legislative requirements	4	2
	Further assurance services	9	9
	Other services		
	Services in respect of remuneration	-	3
	Tax services		
	Compliance services	19	14
	Advisory services	212	158
		<u>339</u>	<u>272</u>
	Comprising		
	Audit services	95	86
	Non-audit services	244	186
		<u>339</u>	<u>272</u>

Further assurance services includes fees paid in respect of auditing assignments to meet specific industry requirements including industry levy calculations. The Group audit fee includes £4,000 (2009 £4,000) in respect of the Company audit.

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 28 March 2010

5	EMPLOYEES	52 week period ended 28 March 2010 Number	52 week period ended 29 March 2009 Number
	The average monthly number of persons (including directors) employed by the group during the period was		
	Managers and supervisors	114	110
	Operations staff	1,011	798
	Full time playing staff and scholars	51	49
	Other staff	137	77
		1,313	1,034
		52 week period ended 28 March 2010 £000	52 week period ended 29 March 2009 £000
	Staff costs for the above persons		
	Wages and salaries	74,966	42,586
	Social security costs	8,603	6,265
	Other pension costs	1,370	976
		84,939	49,827
	DIRECTORS' REMUNERATION	52 week period ended 28 March 2010 £000	52 week period ended 29 March 2009 £000
	Emoluments	3,006	2,648
	Pension fund contributions	60	490
		3,066	3,138

The pension payments in 2009 and 2010 were made to the personal pension plans of the directors
No directors accrue benefits under the money purchase scheme

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 28 March 2010

5 EMPLOYEES (continued)

	Highest paid director	
	52 week period ended 28 March 2010 £000	52 week period ended 29 March 2009 £000
Directors' emoluments disclosed above include the following payments		
Emoluments	1,272	1,027
Pension fund contributions	30	245
	<u>1,302</u>	<u>1,272</u>

6	TAXATION	52 week period ended 28 March 2010 £000	£000	52 week period ended 29 March 2009 £000	£000
	Current tax				
	UK corporation tax on profits of the period	14,184		12,000	
	Overseas tax	4,473		5,290	
	Adjustments in respect of previous period	(217)		(3,249)	
	Total current tax		18,440		14,041
	Deferred tax				
	Origination and reversal of timing differences	1,870		(106)	
	Adjustments in respect of previous period	10		169	
	Total deferred tax		1,880		63
	Tax on profit on ordinary activities		<u>20,320</u>		<u>14,104</u>



bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 28 March 2010

6 TAXATION (continued)

Factors affecting tax charge for the period	52 week period ended 28 March 2010 £000	52 week period ended 29 March 2009 £000
The tax assessed for the period is lower (2009 lower) than the standard rate of corporation tax in the UK 28% (2009 28%) The differences are explained below		
Profit on ordinary activities before tax	100,682	66,531
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 28% (2009 28%)	28,191	18,629
<i>Effects of</i>		
Expenses not deductible for tax purposes	239	346
Fixed asset timing differences	(1,789)	(30)
Non taxable income	(108)	(53)
Other timing differences	-	(13)
Difference in tax rate of overseas subsidiary	(8,089)	(3,138)
Adjustments in respect of previous period	(217)	(3,249)
Other differences	143	42
Tax on overseas dividend	-	(3)
Unutilised tax losses carried forward	70	1,510
Current tax charge for the period	18,440	14,041

7 DIVIDENDS

	52 week period ended 28 March 2010 £000	52 week period ended 29 March 2009 £000
Ordinary shares		
Interim paid	25,000	25,000

On 7 December 2009 and 18 March 2010 a dividend of £41.49 (2009 £41.49) per share was paid to both the ordinary shareholders and 'A' ordinary shareholders



bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 28 March 2010

8 INTANGIBLE FIXED ASSETS

	Goodwill – Sports and gaming £000	Goodwill – Football Club and stadium £000	Player registrations £000	Total £000
GROUP				
<i>Cost</i>				
At beginning of period	14,378	6,276	34,419	55,073
Additions	-	-	25,976	25,976
Disposals	-	-	(5,296)	(5,296)
At end of period	14,378	6,276	55,099	75,753
<i>Amortisation</i>				
At beginning of period	5,503	-	14,606	20,109
Amortisation	1,763	-	12,799	14,562
Impairment	-	-	2,115	2,115
On disposals	-	-	(2,116)	(2,116)
At end of period	7,266	-	27,404	34,670
<i>Net book value</i>				
At 28 March 2010	7,112	6,276	27,695	41,083
At 29 March 2009	8,875	6,276	19,813	34,964

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 28 March 2010

9 TANGIBLE FIXED ASSETS

	Freehold land and buildings	Leasehold land and buildings	Fixtures, fittings, and computer equipment	Plant and motor vehicles	Total
	£000	£000	£000	£000	£000
GROUP					
<i>Cost</i>					
At beginning of period	19,954	9,232	21,679	3,287	54,152
Additions	4,801	3,352	29,592	849	38,594
Disposals	-	-	-	(99)	(99)
Reclassifications	-	-	(4)	4	-
At end of period	24,755	12,584	51,267	4,041	92,647
<i>Depreciation</i>					
At beginning of period	-	339	12,234	1,130	13,703
Charged in the period	-	141	6,713	689	7,543
On disposals	-	-	-	(59)	(59)
Reclassifications	-	-	(4)	4	-
At end of period	-	480	18,943	1,764	21,187
<i>Net book value</i>					
At 28 March 2010	24,755	12,104	32,324	2,277	71,460
At 29 March 2009	19,954	8,893	9,445	2,157	40,449

The net book value of leasehold land and buildings comprises

	28 March 2010 £000	29 March 2009 £000
Long leasehold	11,564	8,312
Short leasehold	540	581
	12,104	8,893

Depreciation in respect of long leasehold properties in the period was £77,000 (2009 £32,000) and £64,000 (2009 £157,000) in respect of short leasehold properties

Long leasehold of £10,800,000 (2009 £7,581,000) has not been depreciated in the period

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 28 March 2010

9 TANGIBLE FIXED ASSETS (continued)

	Leasehold land and buildings £000
COMPANY	
<i>Cost</i>	
At beginning of period	7,581
Additions	3 683
Transfer to subsidiary	(464)
	<hr/>
At end of period	10 800
	<hr/>
<i>Net book value</i>	
At 28 March 2010	10,800
	<hr/> <hr/>
At 29 March 2009	7,581
	<hr/> <hr/>

The net book value of leasehold land and buildings comprises

	28 March 2010 £000	29 March 2009 £000
Long leasehold	10,800	7,581
Short leasehold	-	-
	<hr/>	<hr/>
	10,800	7,581
	<hr/> <hr/>	<hr/> <hr/>

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 28 March 2010

10 FIXED ASSET INVESTMENTS

Shares in
group
undertakings
£000

COMPANY

Cost and net book value

At beginning and end of period

10,000

The Company holds more than 20% of the equity (and no other share or loan capital) of the following undertakings

<i>Subsidiary undertaking</i>	<i>Country of registration</i>	<i>Principal activity</i>	<i>Percentage of ordinary shares held</i>	
			<i>Group</i>	<i>Company</i>
Hillside (New Media Holdings) Limited	UK	Holding company	100%	100%
Hillside (New Media) Limited	UK	Provision of Internet mobile and telephone sports betting, and software development	100%	-
Hillside (Gibraltar) Limited	Gibraltar	Provision of online casino, poker room, bingo and games	100%	-
bet365 International NV	Netherlands Antilles	Dormant	100%	-
Hillside (Leisure) Limited	UK	Dormant	100%	-
Stoke City Holdings Limited	UK	Holding company	100%	100%
Stoke City Football Club Limited	UK	Football Club	84.4%	-
Stoke City (Property) Limited	UK	Provision of stadium facility	92.356%	-
Hillside (Alderney) Limited	Alderney	Dormant	100%	-
Hillside (Malta Holdings) Limited	Malta	Dormant	100%	0.1%
Hillside (Malta) Limited	Malta	Dormant	100%	0.1%

On 18 May 2010 the Group acquired the remaining shares in Stoke City (Property) Limited so that it became a 100% subsidiary and acquired further shares in Stoke City Football Club Limited to increase its shareholding to 94.9%

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 28 March 2010

11	STOCKS	Group		Company	
		28 March	29 March	28 March	29 March
		2010	2009	2010	2009
		£000	£000	£000	£000
	Finished goods	589	157	-	-

12	DEBTORS	Group		Company	
		28 March	29 March	28 March	29 March
		2010	2009	2010	2009
		£000	£000	£000	£000
	Trade debtors	6,515	2,404	-	-
	Amounts owed by group undertakings	-	-	38,398	33,248
	Other debtors	7,118	6,556	1,430	1,353
	Prepayments and accrued income	6,081	4,295	-	-
		19,714	13,255	39,828	34,601

Included within other debtors for the Group is £3,991,000 (2009 £2,745,000) that fall due in more than one year

Included within other debtors for the Company are £1,353,000 (2009 £1,353,000) that fall due in more than one year. The amounts owed by group undertakings of £38,398,000 (2009 £nil) fall due in more than one year

13	CREDITORS Amounts falling due within one year	Group		Company	
		28 March	29 March	28 March	29 March
		2010	2009	2010	2009
		£000	£000	£000	£000
	Bank loans and overdrafts	76	411	-	-
	Trade creditors	64,564	40,839	-	-
	Amounts owed to group undertakings	-	-	-	26,019
	Corporation tax	10,410	12,372	-	68
	Other taxation and social security costs	3,917	3,185	-	-
	Other creditors	5,575	8,152	11	11
	Accruals and deferred income	41,961	23,455	-	-
	Deferred consideration	-	2,230	-	-
		126,503	90,644	11	26,098

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 28 March 2010

14 CREDITORS Amounts falling due in more than one year

	Group		Company	
	28 March	29 March	28 March	29 March
	2010	2009	2010	2009
	£000	£000	£000	£000
Bank loans and overdrafts	111	-	-	-
Trade creditors	1,717	2,388	-	-
Amounts owed to group undertakings	-	-	34,233	-
Overseas tax	3,345	3,350	-	-
Accruals and deferred income	2,828	3,008	-	-
	<u>8,001</u>	<u>8,746</u>	<u>34,233</u>	<u>-</u>

ANALYSIS OF DEBT MATURITY

	Group		Company	
	28 March	29 March	28 March	29 March
	2010	2009	2010	2009
	£000	£000	£000	£000
Amounts payable				
In one year or less or on demand	76	411	-	-
In more than one year but not more than two years	111	-	-	-
	<u>187</u>	<u>411</u>	<u>-</u>	<u>-</u>

Bank loans and overdrafts

Included within creditors are bank loans of £187,000 (2009 £411,000). This amount is repayable over a period of 4¼ years.

The bank loans are secured by way of a fixed and floating charge over all the assets of Stoke City Football Club Limited and a legal charge over the Club's leasehold interest in Britannia Stadium and indoor facility.

Deferred consideration

Included within creditors is £nil (2009 £1,250,000) payable in relation to the acquisition of Stoke City (Property) Limited and £nil (2009 £980,000) in relation to Stoke City Football Club Limited.

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 28 March 2010

14 CREDITORS Amounts falling due in more than one year (continued)

DEFERRED GRANTS

Included within accruals and deferred income are deferred grants received from various awarding bodies to fund the acquisition or construction of certain assets in Stoke City Football Club Limited, including Britannia Stadium as follows

	Group		Company	
	28 March	29 March	28 March	29 March
	2010	2009	2010	2009
	£000	£000	£000	£000
At start of period	2,181	2 282	-	-
Grants released to the profit and loss account	(54)	(101)	-	-
At end of period	2,127	2,181	-	-

	Group		Company	
	28 March	29 March	28 March	29 March
	2010	2009	2010	2009
	£000	£000	£000	£000
Amounts to be released relating to periods ending				
In one year or less or on demand	54	55	-	-
In more than one year but not more than two years	55	55	-	-
In more than two years but not more than five years	165	165	-	-
In five years or more	1,853	1 906	-	-
	2,127	2,181	-	-

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 28 March 2010

15 PROVISIONS FOR LIABILITIES

	Deferred taxation £000	Pension obligations £000	Total £000
GROUP			
At start of period	352	63	415
Credit for the period	1,880	77	1,957
Paid in the period	-	(7)	(7)
At end of period	2,232	133	2,365
COMPANY			£000
DEFERRED TAXATION			
At beginning of period			16
Charge for the period			58
At end of period			74

The elements of the deferred tax liability, which is carried within provisions for liabilities and charges are as follows

	Group		Company	
	28 March 2010 £000	29 March 2009 £000	28 March 2010 £000	29 March 2009 £000
Accelerated capital allowances	2,238	359	74	16
Other timing differences	(6)	(7)	-	-
	2,232	352	74	16

There are unutilised tax losses available for future use of £2,444,000 (2009 £2,444,000) relating to Stoke City Football Club Limited. A deferred tax asset has not been reflected as the recovery of this asset cannot be assessed with reasonable certainty.

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 28 March 2010

15 PROVISIONS FOR LIABILITIES (continued)

Pension obligations

Certain staff of the Group are members of either the Football League Limited Players Retirement Income Scheme, a defined contribution scheme, or the Football League Limited Pension and Life Assurance Scheme (FLLPLAS), a defined benefit scheme. As the Group is one of a number of participating employers in the FLLPLAS, it is not possible to allocate any actuarial surplus or deficit on a meaningful basis and consequently contributions are expensed in the profit and loss account as they become payable. The assets of the scheme are held separately from those of the Group, being invested with insurance companies.

16	SHARE CAPITAL	28 March 2010 £000	29 March 2009 £000
	GROUP AND COMPANY		
	Allotted, called up and fully paid		
	284,313 ordinary shares of 1 pence each	3	3
	17,000 A ordinary shares of 1 pence each	-	-
	Nil C ordinary shares of 1 pence each	-	-
		<u>3</u>	<u>3</u>

The ordinary shares and the "A" shares carry the same rights and rank *pari passu*.

bet365 Group Limited Share Option Plan

bet365 Group Limited's share option plan was adopted on 13 March 2003. Options granted under this scheme may be exercised, subject to certain restrictions, from 13 March 2006 up to ten years from grant for eligible employees.

Options over bet365 Group Limited shares outstanding at 28 March 2010 were as follows:

Options at 29 March 2009	Options granted in year	Options lapsed in year	Options exercised in year	Options at 28 March 2010	Exercise price £	Market price at date of exercise £
2,214	-	-	(54)	2,160	7.88	N/A

The options outstanding at 28 March 2010 had a remaining weighted average contractual life of 7 years (2009: 8 years). All options are now exercisable.

bet365 Group Limited
NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 28 March 2010

17	RESERVES		Share premium account £000
	GROUP AND COMPANY		
	At beginning and end of period		18,998
			<u> </u>
18	PROFIT AND LOSS RESERVE	Group £000	Company £000
	At beginning of period	72 553	7,067
	Profit for the period	80 362	25,242
	Dividends paid (see note 7)	(25,000)	(25,000)
		<u> </u>	<u> </u>
	At end of period	127,915	7,309
		<u> </u>	<u> </u>
19	MINORITY INTEREST	28 March 2010 £000	29 March 2009 £000
	Minority share of losses for the period	648	906
	Creation of provision against minority interest	(648)	(906)
		<u> </u>	<u> </u>
		-	-
		<u> </u>	<u> </u>

The directors have made a provision against the minority interest debtor as they consider the Group would have an obligation to provide finance that they may not be able to recover in respect of the accumulated losses in its subsidiary which are attributable to the minority interests

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 28 March 2010

20 RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	52 week period ended 28 March 2010 £000	52 week period ended 29 March 2009 £000
Operating profit	97,861	63,405
Depreciation	7,543	3,998
Amortisation of player registrations	14,914	13,708
Amortisation of goodwill	1,763	2,302
Profit on sale of fixed assets	(5)	(41)
Increase in stock	(432)	(63)
Increase in debtors	(6,414)	(3,484)
Increase in creditors	39,535	32,808
Increase/(decrease) in provisions	70	(9)
NET CASH FLOW FROM OPERATING ACTIVITIES	154,835	112,624

21 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	£000
Increase in cash in the period	48,405
Cash outflow from reduction in debt	224
MOVEMENT IN NET FUNDS IN THE PERIOD	48,629
Net funds at 29 March 2009	102,123
NET FUNDS AT 28 MARCH 2010	150,752

22 ANALYSIS OF NET FUNDS

	At 29 March 2009 £000	Cash flow £000	At 28 March 2010 £000
Cash in hand and at bank	102,534	48,405	150,939
Debt due within one year	(411)	224	(187)
Total	102,123	48,629	150,752

1.

2.

bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 28 March 2010

23 COMMITMENTS

a)	Capital commitments	Group		Company	
		28 March 2010 £000	29 March 2009 £000	28 March 2010 £000	29 March 2009 £000
	Capital expenditure contracted for but not provided in the financial statements	1,960	4,570	-	3,675

b)	Commitments under operating leases	28 March 2010 £000	29 March 2009 £000

At the period end the Group was committed to making the following payments during the next period under non-cancellable operating leases as follows

Plant and machinery Expiring within one year	56	39
Land and buildings Expiring after five years	332	330
	<u>388</u>	<u>369</u>

c) Ground safety grants

Stoke City Football Club Limited has received grants from The Football Trust in respect of the development of the Britannia Stadium which at the period end are included in deferred grants of £2,123,000 (2009 £2,177,000)

The Football Trust reserves the right to call for repayment of all or a proportion of any grant made if the facility which has attracted a grant ceases to be used or is sold by the football club

d) Security

The Royal Bank of Scotland plc holds a charge dated 23 March 2008 over a credit bank account of the Group which at 28 March 2010 amounted to £2,000,000 (2009 £2,000,000)

The Co-operative Bank has a first legal charge held over the leasehold interest in the Britannia Stadium and the Indoor Training Facility

e) bet365 Group Limited have confirmed they will provide financial support to Stoke City Holdings Limited and Stoke City Football Limited

The directors do not consider it practicable to estimate the financial impact of this support on the group



bet365 Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 28 March 2010

24 PENSION COMMITMENTS

The Group operates a number of defined contribution pension schemes whose assets are held separately from those of the Group in independently administered funds. The pension cost charge represents contributions payable by the Group to the funds and amounted to £1,370,000 (2009 £976,000). Contributions amounting to £55,000 (2009 £46,000) were payable to the scheme at the period end and are included in creditors. A provision amounting to £133,000 (2009 £63,000) is included in provisions (note 15).

25 RELATED PARTY TRANSACTIONS

In 2009 the Company made a loan of £1,500,000 to Mercer Street Securities Limited, a company in which Peter Coates has an interest. At the end of the period £1,393,000 (2009 £1,393,000) was outstanding to bet365 Group Limited. The loan is repayable on demand and is non-interest bearing. The directors established the transactions on an arm's length basis.

bet365 Group Limited provide a guarantee to the Co-operative Bank in respect of its subsidiary, Stoke City Football Club Limited. The extent of this guarantee is £500,000 up to 1 April 2011.

The subsidiary, Stoke City Football Club Limited, received loans from Stoke City Holdings Limited of £15,420,000 during the period. At 28 March 2010, Stoke City Football Club Limited owed Stoke City Holdings Limited £35,520,000. Stoke City Football Club Limited rented the stadium from Stoke City (Property) Limited for £279,000. Stoke City Football Club Limited loaned £2,426,000 to Stoke City (Property) Limited and transferred assets to the value of £378,000. The balance due from Stoke City (Property) Limited to Stoke City Football Club Limited at 28 March 2010 was £3,223,395.

On 18 May 2010 Stoke City Holdings Limited capitalised £24m of its loan to Stoke City Football Club Limited in return for 24m ordinary £1 shares in the Club.

During the year dividend payments were made to the following directors:

	2010 £	2009 £
P Coates	1,937,520	1,937,520
JF Coates	6,250,062	6,250,062
D Coates	12,562,518	12,562,518
WW Rosell	1,666,706	1,666,706

26 POST BALANCE SHEET EVENTS

On 18 May 2010 the Group's subsidiary, Stoke City Holdings Limited capitalised £24m of its loan to Stoke City Football Club Limited for 24m ordinary shares. This increased the Group's control from 84.1% to 94.9%. In addition Stoke City Holdings Limited acquired the remaining 49% shareholding in Stoke City (Property) Limited from Stoke City Football Club Limited for £6.644m. This increased the Group's control from 92.356% to 100%.

27 CONTROLLING INTEREST

bet365 Group Limited is under the control of Denise Coates and her family.