

Date: 22 June 2009
On behalf of: NetPlay TV plc ('NetPlay TV', 'the Company' or 'the Group')
Embargoed until: 0700hrs

NetPlay TV plc

Preliminary Results for the year ended 31 December 2008

NetPlay TV plc (AIM: NPT), the interactive gaming company, is pleased to provide shareholders with a trading update on its business, as well as the financial results for the financial year ending 31 December 2008.

Highlights

- 118% increase in revenue for full year 2008 operations to £19.8m (2007: £9.1m[^])
- Positive EBITDA* of £2.4m (2007: £1.7m[^] loss)
- Over 80% growth for SuperCasino.com with annual gross bets increasing to £243m (2007: £133m)
- Group monthly gross bets and skill gaming revenue for May 2009 exceed £39m (this includes 20 days of Challenge Jackpot gross bets).
- Trading for the first quarter of 2009 is in line with budget showing an EBITDA figure of £455k.
- Strategic move into B2B branded solutions offering for retail, TV and online partners.
- Acquisitions of:
 - 7,600 mobile quiz subscribers from Rubberduck on 10 March 2008
 - Bingos.com on 16 April 2008
 - Sky Channel 848 on 6 May 2008
 - Pitch Gaming database on 27 May 2008
 - Info-Download assets on 31 December 2008

* EBITDA quoted is before exceptional items totalling £0.6m and IFRS 2 share based payment charges of £0.2m.

[^] Restated

Post Balance Sheet Events:

- Successful launch of 'Daily SuperDraw' on Channel Five in May 2009
- Successful launch of 'Beat the Brain' on FX channels with Fox International
- Successful acquisition of Two Way Gaming assets and player database on 12 May 2009
- Agreement with Virgin Media Television to take over the production and brand licence agreement for Challenge Jackpot on 12 May 2009
- Currently in advanced discussions to sign a first retail partnership agreement

Clive Jones, Non-Executive Chairman, said:

"NetPlay TV has come of age. The business has been transformed during the course of the year into a significantly larger interactive media business. The demand for "live" gaming is starting to gather momentum and we are uniquely positioned to take advantage of this major opportunity. The UK Government is committed to the delivery of a fast Internet service for all and, as such, TV quality interactive programming is now available to an increased and growing number of UK homes."

Martin Higginson, Chief Executive Officer, added:

"2009 has seen the investment we have made in 2007/08 start to come to fruition. During 2008, the Group posted its first positive EBITDA since its transformation from a mobile content business into an interactive TV gaming business."*

"The Company has never been better placed to take advantage of the numerous opportunities that lie ahead. We will continue to invest in the business as we strive to deliver the next generation of interactive gaming."

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Notes to Editors:

- Publication photographs are available from Redleaf Communications or www.redleafpr.com

About NetPlay TV plc

NetPlay TV plc is listed on the AIM market of the London Stock Exchange (NPT).

NetPlay TV operates a number of interactive gaming services from the UK, and Malta, including SuperCasino.com, Bingos.com and EuroTeleMillions.com. These services can also be viewed live on television on Sky Channel 866 – 24 hours a day, Freeview Channel 48 from 9pm – 5am and FreeSat Channel 851. The Company recently took over the production of the ‘Challenge Jackpot’ brand on behalf of Virgin Media Television which airs 24/7 on Virgin Media, Sky and three hours per day on Bravo 2 and Virgin 1.

The Company is focused on the delivery of a converged interactive gaming experience allowing its customers to interact with its games on a variety of platforms, TV, Internet and mobile from a common integrated wallet.

CHAIRMAN'S STATEMENT

In 2007, the Company undertook a transformation from a mobile content business into an interactive TV gaming business and 2008 saw the Group post its first positive EBITDA* contribution since this transformation.

During the year ended 31 December 2008, the Group's turnover for the year was £19.8m (2007: £9.1m[^]) with a positive EBITDA* contribution of £2.4m (2007: Loss of £1.7m[^]), an increase in growth of 241%

The past year saw the Company complete a number of acquisitions, as well as continue investment in its core products and services. The belief that in time consumers would firstly demand a "live" gaming experience on their PCs and secondly would want interaction through their mobile phone is beginning to prove correct.

The acquisitions throughout the year have underpinned this belief and have focused on ensuring we have the right products and services for the consumer. On the interactive TV front we acquired a new Sky channel, channel 867 (previously channel 848), in May 2008, followed by the acquisition of a competitor's database, Pitch Gaming, also in May 2008, allowing us to offer their customers a "live" casino TV service. The re-naming of our "Live Roulette" channel to SuperCasino.com saw the introduction of "Live BlackJack" to the show as well as introducing additional online games to the websites. This has allowed us to offer a truly integrated offering to our casino customers.

The acquisition of a database of 7,600 mobile quiz players from Rubberduck in March 2008, as well as acquiring the assets of Info-Download Limited in December 2008, further underpinned our focus and investment in the growing mobile gaming arena.

On April 16 2008, the Company made its biggest acquisition to date, acquiring Bingos.com. During 2008, the employees of Bingos.com were successfully integrated into the Group, allowing the Company to capitalise on synergies post-acquisition. We believe bingo is an integral part of interactive gaming and the combination of online bingo with TV and mobile distribution platforms will be the future for the industry.

In June 2008, our contract to air live SuperCasino.com shows on Virgin 1 and Bravo came to an end and saw Virgin Media Television launch its own interactive gaming show, Challenge Jackpot, produced by Two Way Media Limited. In May 2009, the Group won the contract to produce the Challenge Jackpot show, as well as to further develop the brand and add new gaming formats until 2013. We acquired the Challenge Jackpot assets and key employees of Two Way Media, the incumbent producer.

Winning the Virgin Media Television contract has been a key milestone for the business. It has allowed us to further expand our TV assets as well as giving us a fantastic platform for the development of new interactive TV formats both in the UK and overseas. The Two Way Media staff have been re-deployed to create a new business development unit focused on offering our "live" video rich interactive services to new partners, including retail, TV broadcasters, and online companies.

This new business unit has hit the ground running, and we are today in advanced talks with an international betting shop operator, as well as a major broadcaster about rolling our SuperCasino.com format out to their customers. We hope to update the market in the next few weeks on both of these opportunities.

** EBITDA quoted is before exceptional items totalling £0.6m and IFRS 2 share based payment charges of £0.2m.*

[^] Restated

Board Changes

I was delighted to join the Board in June this year as Non-Executive Chairman. The Company is extremely well positioned in the interactive gaming market and I relish the opportunity to help it achieve its goal of becoming a leading media business with a difference.

We announced the departure of Dominic Mansour, former CEO of the acquired Bingos.com business on April 16th 2009.

Outlook

Over the past two years the Group has perfected its interactive offering and is now uniquely placed to take advantage of the surge in consumer demand as well as the many commercial opportunities now arising. We have a robust, fully regulated business which is widely recognised as the market leaders. We must now continue to monetise this position and deliver increased shareholder value.

As a result of the continued investment, the Company is now widely recognised as the market leaders in the delivery of TV quality interactive gambling formats.

Clive Jones
Non-Executive Chairman
21 June 2009

CHIEF EXECUTIVE OFFICER'S STATEMENT

2009 has seen the investment made in 2007/08 start to come to fruition. With faster broadband speeds becoming increasingly accessible the demand from consumers for "live" interactive gaming products is growing at a rapid pace. We predict this demand will continue to grow as internet connectivity speeds become faster, allowing users to watch more TV quality programmes on their PCs.

Financial Overview

The Group turnover for the year increased 118% to £19.8m (2007: £9.1m[^]) with a positive EBITDA* of £2.4m (2007: Loss of £1.7m[^]), an increase in growth of 241%.

The Group's total cash balance as 31 December 2008 was £2.0m (2007: £1.3m).

Exceptional costs within the period totalled £0.6m. This amount is mostly attributable to the re-organisation of the Bingos.com business post-acquisition, including the closure of the main office in Spain.

An impairment of goodwill was expensed in the period of £1.4m, relating to the premium rate scratchcard business as detailed below.

2008 continued to be a year of tremendous growth for our SuperCasino.com business. Gross bets on this service averaged £20.3m per month during 2008, compared to average monthly bets of £11.1m in 2007, an annual growth of 83%.

During the period, NetPlay TV became a key player in the online bingo industry following the acquisition of Bingos.com. In December 2008 gross bets were at a run rate of £10.4m. This business, both revenue and profit, has remained fairly flat over the year mainly due to reorganisation, and integration of staff into our UK operations.

We continue to invest in a converged bingo offering and have made great progress in integrating mobile and TV platforms. Early tests in 2009 have proved successful and we look forward to rolling out these products in the second half of the year.

2009 has seen exceptional growth in our mobile business. Gross bets and revenue in Q1 2009 were £1.6m compared to £0.3m in Q1 2008. Following the acquisition in December 2008 of the Info-Download assets, we are now taking bets through mobile phone with current bets exceeding £0.4m per month. We plan to expand our mobile offering, including integrating a mobile solution in to our SuperCasino.com business in the second half of the year.

During the year, the Group undertook a full review of player balances and found that liabilities in 2007 to players had been understated. The financials have been restated accordingly, resulting in an increase of trade and other payables at 31 December 2007 by £341,000 and increase the loss for the year ended 31 December 2007 by £341,000.

** EBITDA quoted is before exceptional items totalling £0.6m and IFRS 2 share based payment charges of £0.2m.*

[^]Restated

Operational Review

The recent deal with Virgin Media Television and Two Way Media was transformational in the expansion of the Group. The evolution of the Challenge Jackpot brand for Virgin Media TV will see new interactive TV games launched over the coming months further underpinning our position as leaders in this market.

The Two Way Media staff, headed by Guy Templer, former CEO of the business, heads our new business development team; a dedicated unit focusing on expanding into the B2B market offering our "live" interactive games to new clients, including retail, TV and online partners.

We are today in advanced talks with a major international betting shop chain about deploying our live games into their retail outlets.

With continued investment in our services we are now able to demonstrate to existing and new partners that our "live" products outperform their digitised equivalent by a factor of 6:1. This, combined with increased consumer demand, means that the Company is in an excellent position to leverage our services via a number of different channels to market. .

The recent launch of "Daily SuperDraw" on Channel Five was a major step for the Group, linking TV commercial airtime with a mobile entry point and ongoing internet activity. We will continue to develop this converged solution through the remainder of 2009. We look forward to updating the shareholders when the interim results are announced with more information on this specific service.

We have seen a further delay of an additional six months in moving SuperCasino.com operations offshore, mainly as a result of concluding the Virgin Media Television deal, which took almost six months. This will have an impact on the 2009 profitability, however, as a result of concluding the deal, we are now able to establish additional TV studios offshore allowing us to offer a variety of "live" services in a low tax jurisdiction to both our own brands and new partners. We are in the process of securing a new gaming license in Alderney, adding to our operations in the UK and Malta. With the combination of the new offshore studio and our UK TV facilities we are now uniquely positioned to offer "live" services to a number of partners.

Following a comprehensive review of our interactive telephone gaming division, we have decided to exit the premium rate telephone scratch card business and focus on growing our interactive TV gaming formats with broadcast partners. Whilst the subsidiary, (Abstract Games Limited), did produce excellent results, it also incurred a regulatory fine and negative publicity during its earn-out period. Whilst we are appealing the regulator fine we feel the potential negative publicity around this type of business outweighs the short term profits. We believe this decision will ensure our continued growth in partnering with major TV companies, and "blue chip" brands alike. We are currently in negotiation with the vendors of Abstract Games Limited on the final payment of their earn-out pending the appeal of the regulator fine incurred by them during the earn out. The Company has incurred a "write down" of the goodwill of £1.4m.

We believe consumer demand for mobile gaming will increase dramatically over the coming years and we want to ensure we are well positioned as a business to take advantage of this demand. We believe the integration of mobile distribution platforms into our gaming operations to be pivotal and as such we are committed to additional investment in this area for 2009. We recently had our new mobile quiz game, "Lucky Numbers" approved by the telephone regulator, Phone Pay Plus.

The reclassification of TV gaming as teleshopping has opened up new opportunities for us with terrestrial broadcasters. This in combination with new channels in both retail, and online, plus our existing brands will enable us to leverage our core assets and maximise profits.

The Company has never been better placed to take advantage of the opportunities that lie ahead. We will continue to invest in the business as we strive to deliver the next generation of interactive gaming businesses.

Current Trading

Trading for the first quarter of 2009 resulted in an EBITDA of £455k.

Gross gaming revenues for the first quarter were £96m, an increase of 52% compared to £63m for first quarter of 2008. Overall our gross bets continue to grow with May revenues exceeding £39m. This includes 20 days of Challenge Jackpot gross bets.

We have seen particularly strong growth in our mobile revenues in the first quarter with total gross revenues for the period exceeding £1.6m compared to £0.3m for the same period in 2008.

The decision to cease the premium rate scratch card business at the end of the Abstract Games Limited earn-out in February will have an impact on the March onwards EBITDA number although we believe this will be replaced by better quality revenues in the second half of the year. In addition the delay in moving SuperCasino.com offshore will also have an impact on the profitability however this will be short term as plans are now well under way to ensure its smooth transition to an offshore jurisdiction by Q3 2009.

Revenues from the Challenge Jackpot service have started well and with a dedicated team focused on improving the TV show and the consumer experience we expect these to grow in coming months.

The Daily SuperDraw operating through a commercial relationship with Channel Five has started well with over 110,000 unique players in the first four weeks.

Early signs from our new business development team are very encouraging as they focus on offering our products to new partners in the retail, TV and online space. We are currently in advanced talks with an international betting shop chain and a major broadcaster about the distribution of our services. We hope to be able to update the market on both these transactions within the next few weeks.

Overall we are pleased with the current trading although cognisant of the short term impact of ceasing certain activities in order to secure better quality earnings as we move forward.

Martin Higginson
Chief Executive Officer
21 June 2009

NetPlay TV plc
Consolidated income statement

for the year ended 31 December 2008

	Note	Year ended 31 December 2008 £ 000's	Year ended 31 December 2007 £ 000's Restated
Revenue		19,759	9,070
Cost of sales		(12,924)	(7,788)
Gross profit		6,835	1,282
Administrative expenses		(5,909)	(3,128)
Group operating profit/(loss) from continuing operations		926	(1,846)
Exceptional items		(563)	(169)
Impairment of goodwill		(1,415)	(2,446)
Negative goodwill		49	-
Finance income		34	133
Finance costs		(24)	(21)
Loss before taxation		(993)	(4,349)
Income tax expense	8	(217)	(49)
Loss from continuing operations		(1,210)	(4,398)
Loss from discontinued operations		-	(935)
Loss for the financial year		(1,210)	(5,333)
Loss per share			
Basic (p) (continuing operations)	5	(1.13)	(6.39)
Diluted (p) (continuing operations)	5	(1.06)	(6.34)
Basic (p) (total operations)	5	(1.13)	(7.75)
Diluted (p) (total operations)	5	(1.06)	(7.69)

Consolidated statement of changes in equity

for the year ended 31 December 2008

	Share capital £ 000's	Share premium £ 000's	Merger reserve £ 000's	Other reserves £ 000's	Retained earnings £ 000's	Total £ 000's
As at 1 January 2007	3,397	2,798	1,317	560	1,532	9,604
Shares issued for purchase consideration	60	-	140	-	-	200
Shares issued via placing	345	795	-	-	-	1,140
Transfer between reserves*	-	-	-	(415)	415	-
Share based payments charge in period	-	-	-	119	-	119
Investment in own shares	-	-	-	4	-	4
Loss for the period	-	-	-	-	(4,992)	(4,992)
As at 31 December 2007	3,802	3,593	1,457	268	(3,045)	6,075
Restatement Amendment of client balances	-	-	-	-	(341)	(341)
Restated at 31 December 2007	3,802	3,593	1,457	268	(3,386)	5,734
Shares issued for purchase consideration	360	1,185	-	-	-	1,545
Shares issued via placing	2,000	4,000	-	-	-	6,000
Costs of issuing shares		(15)				(15)
Transfer between reserves*	-	-	-	(126)	126	-
Share based payments charge in period	-	-	-	229	-	229
Loss for the period	-	-	-	-	(1,210)	(1,210)
As at 31 December 2008	6,162	8,763	1,457	371	(4,470)	12,283

Other reserves are comprised of the share based payments reserve and holdings in the Company's own shares.

*The transfer between reserves is in relation to share based payments charges for options lapsed during the period.

NetPlay TV plc
Consolidated balance sheet
as at 31 December 2008

	Year ended 31 December 2008	Year ended 31 December 2007 Restated
	£ 000's	£ 000's
ASSETS		
Non-current assets		
Property, plant and equipment	809	384
Goodwill	5,084	6,714
Intangible assets	7,528	-
Deferred tax assets	1	25
Total non-current assets	13,422	7,123
Current assets		
Inventories	57	158
Trade and other receivables	2,656	2,798
Current tax receivable	-	123
Cash and cash equivalents	2,015	1,313
Total current assets	4,728	4,392
TOTAL ASSETS	18,150	11,515

		Year ended 31 December 2008	Year ended 31 December 2007 Restated
	Note	£ 000's	£ 000's
EQUITY AND LIABILITIES			
Share capital	6	6,162	3,802
Share premium	7	8,763	3,593
Merger reserve		1,457	1,457
Other reserves	7	371	268
Retained earnings		(4,470)	(3,386)
Total equity		12,283	5,734
Non-current liabilities			
Financial liabilities		64	2,530
Total non-current liabilities		64	2,530
Current liabilities			
Financial liabilities		2,077	970
Trade and other payables		3,511	2,061
Current income tax liabilities		176	-
Borrowings		39	220
Total current liabilities		5,803	3,251
TOTAL EQUITY AND LIABILITIES		18,150	11,515

NetPlay TV plc
Consolidated cash flow statement
for the year ended 31 December 2008

	Year ended 31 December 2008	Year ended 31 December 2007 Restated £ 000's
	£ 000's	
Cash flows from operating activities		
Operating profit/(loss) from continuing operations	926	(1,846)
Adjustments for:		
Depreciation and amortisation	1,279	151
Share based payments and similar	229	123
Exceptional items	(563)	(169)
Decrease/(increase) in inventories	101	(128)
Decrease/(increase) in trade and other receivables	(312)	(209)
Increase/(decrease) in trade and other payables	841	(435)
Cash generated from/(used in) operations	2,501	(2,513)
Interest paid	(24)	(21)
Income taxes received/(paid)	91	(205)
Net cash from/(used in) operating activities	2,568	(2,739)
Cash flows from investing activities		
Acquisition of subsidiary undertakings	(1,075)	(229)
Net cash balances acquired with subsidiary undertakings	85	66
Purchase of property, plant and equipment	(361)	(327)
Purchase of intangible assets	(7,318)	-
Purchase of goodwill	-	(191)
Interest received	34	133
Net cash used in investing activities	(8,635)	(548)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	6,950	175
Net cash from financing activities	6,950	175

	Year ended 31 December 2008 £ 000's	Year ended 31 December 2007 £ 000's
Cash flows from discontinued operations		
Net cash from operating activities	-	(12)
Net cash flows from discontinued operations	<u>-</u>	<u>(12)</u>
Net increase/(decrease) in cash and cash equivalents	<u>883</u>	<u>(3,124)</u>
Cash and cash equivalents at beginning of period	1,093	4,217
Cash and cash equivalents at end of period	<u>1,976</u>	<u>1,093</u>

1. Accounting policies

Reporting entity

NetPlay TV plc is a public limited company which is listed on AIM and is incorporated and domiciled in the UK.

The consolidated financial statements of the Company for the year ended 31 December 2008 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities').

Basis of preparation

The financial information which comprises the consolidated income statement, consolidated statement of changes in equity, consolidated balance sheet, consolidated cash flow statement and related notes do not constitute full accounts within the meaning of s240 of the Companies Act 1985. The auditors have reported on the Group's statutory accounts for each of the years 2008 and 2007 under s235 of the Companies Act 1985, which do not contain statements under s237(2) or s237(3) of the Companies Act 1985 and are unqualified. The statutory accounts for 2007 have been delivered to the Registrar of Companies and the statutory accounts for 2008 will be filed with the Registrar in due course.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted for use in the European Union.

The financial statements have been prepared on a historical cost basis except where IFRS requires an alternative treatment. The principal variations from the historical cost basis relate to certain financial instruments (IAS 32 and 39), which are measured at fair value.

This statement was approved by the directors on 21 June 2009.

2. EBITDA analysis

	Continuing operations 2008 £ 000's	Total 2008 £ 000's
Operating profit for the period (excluding exceptional items)	926	926
Add back: depreciation of tangible assets	335	335
Add back: amortisation of intangible assets	944	944
Add back: share based payments charge	229	229
	2,434	2,434

	Continuing operations 2007 £ 000's Restated	Discontinued operations 2007 £ 000's	Total 2007 £ 000's Restated
Operating loss for the period (excluding exceptional items)	(1,846)	(167)	(2,013)
Add back: depreciation of tangible assets	105	6	111
Add back: amortisation of intangible assets	45	-	45
Add back: share based payments charge	119	-	119
	(1,577)	(161)	(1,738)

3. Prior year adjustment

During the year, the Group undertook a full review of player balances and found that liabilities to our players had been understated.

The effect of the prior year adjustment is to increase trade and other payables at 31 December 2007 by £341,000, reduce revenue by £341,000 and increase the loss for the year ended 31 December 2007 by £341,000.

4. Segmental information

Business segments

During the year, the Group operated two principal classes of business; interactive games & competitions, and mobile telephony services.

The segmental analysis for the Group in 2008 is as follows:

Segmental analysis	Interactive games and competitions 2008 £ 000's	Mobile telephony 2008 £ 000's	Central costs 2008 £ 000's	Total 2008 £ 000's
Revenue from external customers				
Continuing operations	18,625	1,134	-	19,759
	<hr/> 18,625	<hr/> 1,134	<hr/> -	<hr/> 19,759
Operating profit/(loss)				
Continuing operations	2,080	631	(1,785)	926
	<hr/> 2,080	<hr/> 631	<hr/> (1,785)	<hr/> 926

The segmental analysis for the Group in 2007 is as follows:

Segmental analysis	Interactive games and competitions 2007 £ 000's Restated	Mobile telephony 2007 £ 000's	Central costs 2007 £ 000's	Total 2007 £ 000's Restated
Revenue				
Continuing operations	6,266	2,141	-	8,407
Discontinued operations	-	663	-	663
	<hr/> 6,266	<hr/> 2,804	<hr/> -	<hr/> 9,070
Operating profit/(loss)				
Continuing operations	(1,097)	555	(1,304)	(1,846)
Discontinued operations	-	(167)	-	(167)
	<hr/> (1,097)	<hr/> 388	<hr/> (1,304)	<hr/> (2,013)

Geographical segments

The following table represents revenue and certain asset information regarding the Group's geographical segments for the years ended 31 December 2008 and 2007.

Segmental analysis	UK 2008 £ 000's	Spain 2008 £ 000's	Italy 2008 £ 000's	British Virgin Islands 2008 £ 000's	Rest of the world 2008 £ 000's	Total 2008 £ 000's
Revenue						
Continuing operations	18,625	605	387	-	142	19,759
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	18,625	605	387	-	142	19,759
Operating profit/(loss)						
Continuing operations	758	173	189	(131)	(63)	926
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	758	173	189	(131)	(63)	926

In 2007, more than 75% of the Group's revenue and operating profit related to UK trading, and as such a segmental analysis has not been included.

5. Earnings per share

	Year ended 31 December 2008 £ 000's	Year ended 31 December 2007 £ 000's Restated
Loss attributable to shareholders		
Continuing operations	(1,210)	(4,398)
Discontinued operations	-	(935)
	<u>(1,210)</u>	<u>(5,333)</u>
	Number of shares	Number of shares
Weighted average numbers of shares in issue	107,325,135	68,869,873
Dilution effects of share options	7,026,433	391,905
Dilution effect of employee share schemes	99,933	131,025
Diluted weighted average number of shares in issue	<u>114,451,501</u>	<u>69,392,803</u>
	Pence per share	Pence per share
Basic earnings per share		
Continuing operations	(1.13)	(6.39)
Discontinued operations	-	(1.36)
	<u>(1.13)</u>	<u>(7.75)</u>
	Pence per share	Pence per share
Diluted earnings per share		
Continuing operations	(1.06)	(6.34)
Discontinued operations	-	(1.35)
	<u>(1.06)</u>	<u>(7.69)</u>

Basic earnings per share is calculated on the results attributable to ordinary shares divided by the weighted average number of shares in issue during the year excluding those held by the AESOP scheme, which are treated as cancelled.

Diluted earnings per share calculations include additional shares to reflect the dilutive effect of employee share schemes and share option schemes.

On 12 May 2009, the Company issued 4,444,444 ordinary shares by way of a placing to raise further funds for the Company.

On 15 May 2009, the Company issued 8,533,333 ordinary shares to satisfy purchase consideration of the gaming assets and player database of Two Way Gaming Limited.

6. Share capital

	2008 £ 000's	2007 £ 000's
Authorised		
200,000,000 ordinary shares of 5p each	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid		
123,242,859 (2007: 76,039,958) ordinary shares of 5p	<u>6,162</u>	<u>3,802</u>

On 10 March 2008 the Company issued 428,135 ordinary shares of 5p each at a price of 16.35p per share as consideration for the acquisition of the database of subscribers of Rubberduck Limited.

On 14 April 2008 the Company issued 40,000,000 ordinary shares of 5p each at a price of 15.00p per share by way of a placing. The funds raised were used towards satisfying the consideration of the Bingos.com acquisition.

On 6 May 2008 the Company issued 2,375,000 ordinary shares of 5p each at a price of 20.00p per share as consideration for the acquisition of the Sky TV channel 867.

On 30 June 2008 the Company issued 1,515,151 ordinary shares of 5p each at a price of 16.5p for cash consideration to Story Holdings.

On 31 December 2008 the Company issued 2,884,615 ordinary shares of 5p each at a price of 26.00p per share as consideration for the acquisition of Toucanwin and Ventury Games.

7. Reserves - Company

	Share premium account £ 000's	Other reserve £ 000's	Retained earnings £ 000's
Balance at the beginning of the year	<u>3,593</u>	<u>268</u>	<u>(387)</u>
Issue of share capital	5,170	-	-
Loss for the period	-	-	(2,483)
Transfer between reserves	-	(126)	126
Share based payment charge	-	229	-
Balance at the end of the year	<u><u>8,763</u></u>	<u><u>371</u></u>	<u><u>(2,744)</u></u>

The transfer between reserves is in relation to share based payment charges for options lapsed during the period.

8. Income tax expense

	2008	2007
	£ 000's	£ 000's
Current tax		
- UK corporation tax on loss for the year	2	(9)
- current tax charge on foreign subsidiaries	183	-
- adjustment in respect of prior years	8	(43)
Total current tax charge	193	(52)
Deferred tax	24	51
Total tax charge for the group	217	(1)
Total tax charge relating to continuing operations	217	49
Total tax charge relating to discontinued operations	-	(50)
Total tax charge for the group	217	(1)

Effective tax charge

	2008	2007
	£ 000's	£ 000's
		Restated
Loss on ordinary activities before taxation	993	5,334
Current tax charge	193	(52)
Effective tax charge (%)	19.4%	(1.0%)