

22 April 2010

Leisure & Gaming plc
("L&G" the "Company" or the "Group")

Unaudited preliminary results for the year ended 31 December 2009

Leisure & Gaming plc (AIM:LNG) the European betting and gaming group, today announces its unaudited preliminary results for the year ended 31 December 2009.

Financial highlights

- Amounts staked €81.1m (2008: €76.9m)
- Net win €24.7m (2008: €20.6m)
- Net win margin 30.5% (2008: 26.8%)
- Gross profit €6.8m (2008: €6.2m)
- Operating profit before interest, foreign exchange (loss)/gain, tax and depreciation & amortisation €2.5m (2008: €1.5m)
- Cash held at banks, excluding borrowings, €1.6m (2008: €1.5m)
- Cash held as security for guarantees for Italian licenses €1.6m (2008: €2.2m)

Operational highlights

- Italian active partner network increased by 45 to 529 (2008: 484).
- Cyprus partner network increased to 49 (2008:47)
- Betshop poker has gained 13,500 customers since launch in November 2008
- New Greek online marketing partner appointed
- Expanded call centre capacity securing hub in Reggio, Calabria
- Continued development of proprietary IT platform for the B2B market

Richard Creed, CEO of Leisure & Gaming plc, commented: "Figures published by the Italian regulator show that the Italian gaming market is growing by 20%. In addition, the imminent regulation of casino and cash poker games, (announced by the Italian regulator to occur in July 2010) is expected to provide significant growth opportunities.

The Group continues to diversify its product offerings in order to reduce its dependence on sports betting. The development of our B2B offering, using proprietary betting software, is generating many leads and the fees earned through the use of existing assets will serve to reduce the risks associated with sports betting.

We are also looking at expanding into other European markets and continue to monitor opportunities. Going forward the Group aims to enhance its position as a major European gaming operator and views 2010 as a year of investment, the benefits of which are expected from 2011 onwards."

Enquiries:

Leisure & Gaming plc	Tel: 020 8545 2190
Richard Creed	
FinnCap (Nominated adviser and broker)	Tel: 020 7600 1658
Geoff Nash (Corporate Finance)	
Charlotte Stranner (Corporate Finance)	
Simon Starr (Corporate Broking)	
Walbrook PR (Financial Public Relations)	Tel: 020 7933 8780
Paul McManus	Mob: 07980 541 893 or paul.mcmanus@walbrookpr.com
Bob Huxford	Mob: 07747 635 908 or bob.huxford@walbrookpr.com

Chairman's statement

Since joining the L&G board in September 2009 I have taken the opportunity to review the business and discuss strategies with the senior management. The over-riding impression I have gained from these visits is the enthusiasm and commitment of everyone, they all want to do well. Much of the credit for this positivity is down to Gabriel Chaleplis, the founder of Betshop, the trading subsidiary of the Group. Not only has he built up a loyal and dedicated team, but he has also built up both a profitable business and a wide number of contacts in the markets in which we operate. It is a testament to him that the relationships which he developed in the early days of Betshop remain cornerstones of the business. Assisting Gabriel is Richard Creed, the CEO of the Group, who in 2009 not only had to focus on the day to day operations of the business and the strategy to further grow the business in a sound and controlled manner, but he has also had to deal with a number of legacy issues; these issues are discussed in more detail later in this statement. I thank both men, and the rest of the team, for tackling their many tasks with determination and in a positive manner.

In terms of financial performance, 2009 was a successful year with increases being recorded in both turnover and profits over the previous financial year. To highlight the progress of the Group over the last three years, we show below the gross profit and operating profit before impairment for the financial years 2007 to 2009:

	2009 €'m	2008 €'m	2007 €'m
Gross profit	6.8	6.2	3.5
Operating profit before impairment	2.1	1.2	(1.7)

Profits would have been enhanced in 2009 if bad weather in Italy had not disrupted the football fixtures in Serie A & B at the end of the financial year and costs had not been incurred in dealing with legacy issues. It is worth pointing out that our results from sports betting fluctuate from week to week, bad weather or not, but over the longer term we can calculate within reasonable parameters our average net win margin from sports betting.

In contrast to the short-term variations we see in our net win margins on sports betting, the earnings from other gaming products in particular poker, provide us with a constant income stream each week.

The combination of sports betting and skill games is attractive to many of our customers. Looking ahead we are seeking to leverage our expertise in these areas in our chosen markets to provide a range of B2B services which will generate fee income. This strategy to reduce our exposure to the fluctuating returns from sports betting is requiring continuing investment, and as a result we are not proposing a dividend for the financial year 2009. Further details on investment to date and proposed is set out in the Chief Executive's report.

Turning to legacy issues: as requested by shareholders at the 2009 Annual General Meeting, the directors put in motion a review of the issue of 7million shares to the Employee Benefit Trust and the subsequent allocation of shares by the Employee Benefit Trust. There are currently some 6.4million shares held by the Trustee of the Employee Benefit Trust. It is no doubt frustrating for shareholders to read many months later that the investigations are continuing. I can reassure shareholders that the investigation is being carried out in a methodical and diligent manner. The process has taken longer than expected, primarily due to the need to obtain a considerable number of documents from a variety of third parties.

Based on the evidence and legal advice obtained by the Company to date, it is anticipated that the Company will make an application to Court to seek rectification of its register in respect of the shares currently held by the Trustee. We have had to devote a considerable amount of time and resources to this serious issue, and we intend to continue to devote time and resources until we can resolve the matter in a satisfactory manner.

With regard to the American-facing subsidiary companies ("American subsidiaries") which were sold and completely separated from the Group prior to the passing of the UIGEA in October 2006, the Group has taken a proactive approach to dealing with the US Department of Justice. A considerable amount of time and energy was expended in the latter part of 2009 in producing files which summarised the legal and financial advice taken prior to these acquisitions, their operations and subsequent disposal of the American subsidiaries, we therefore have a fuller picture of what happened before the current board was in place and we are now in a position where we do not need to expend energies on further fact finding. We remain hopeful that we can reach an agreement with the US Department of Justice which will provide us clarity on this matter.

It is disappointing to report that we have been recently named in legal proceedings with other defendants, in the United States in connection with a purported breach of patented web software used by the American Subsidiaries sold in October 2006. L&G has never used this software, it is not included in the current software used in Europe; in the opinion of the Board any claims lie solely with the purchasers of these businesses.

Looking forward, we are excited about the future because we believe we can leverage on what we perceive to be our strengths:

- Our entrepreneurial spirit, we can react very quickly to any changes of circumstances, an important attribute in the fast-changing world of online and land-based betting and gaming opportunities.
- The quality of our partner and agency networks.
- The in-depth knowledge we have built up in the markets that we operate.
- The experience we have of operating both sports-betting and skill games activities.

With the above-mentioned strengths and with the investment that we are expending, we anticipate that we can achieve a step change in our financial performance going forward but it would be remiss of us to highlight only the possible rewards. Industry and other risks that we face include:

- **Regulatory:** a characteristic of land-based and online gambling is that the legislation which governs these activities continues to evolve as governments attempt to achieve a balance between making legal gambling an attractive proposition to both operators and customers and at the same time achieving a reasonable return for the state with suitable consumer protections. As mentioned above, we can react quickly to any changes required by governments.
- **Systems:** we now live in a digital age where customers expect an instant response to their requirements. Competition to provide gambling services to customers in all the markets we operate in is fierce and notwithstanding the loyalty of our partner and agent network, we need to continue to focus on making our expanding systems adaptable, robust and compliant with future requirements. This is one of the priorities for the current financial year.
- **Cash:** the last two years of profitable trading has allowed us to invest in our plans to bring on stream lower margin but more predictable earnings. We are still of a size where weekly sports betting margins impact on our free cash float. We will therefore have to balance our aspirations with ensuring that the current business can operate with a margin of safety.
- **People:** one of major strengths is the longevity of our relationships with key individuals in the land based and online gambling industry principally in Italy, Greece and Cyprus. It is important to create similar relationships in new markets and with product suppliers.

The relationship between risk and reward has improved over the last 24 months, a period where L&G has demonstrated that it can trade profitably during a period of worldwide recession.

We are now looking to build on what we have achieved in the recent past; the key individuals are excited about the future. One of the tasks of the non-executives this year will be to ensure that management are appropriately incentivised to achieve significant and sustained improvements in the underlying financial performance of the Group and that there is a strong alignment between the interests of shareholders and management.

We look to make continued progress in the coming year.

Colin Estaugh
Interim Chairman
22 April 2010

Chief Executive's review

The diversification of the Group's business, in terms of geographic coverage and additional products, showed significant progress in 2009 and remains a key objective. This progress is shown by:

- Cyprus, Greece and other EU countries contributing 38.2% of amounts staked on sports in 2009 as compared with 24.5% in 2008;
- Other products, particularly poker, contributing 33.2% of net win in 2009 in comparison with 12.1% of total net win in 2008.

This strategy reduces the risks of relying on any one geographic market or product while taking advantage of growth opportunities and utilising the technology and business capabilities of the Group.

Our business model of offering land based and online services ("bricks and clicks") is complimentary because the land based operations supply customer loyalty and visibility, whilst the online activities allow for volume and a lower cost

base. When coupled with our proprietary betting software and our growing reputation for good service, this has led us to introduce a Business to Business ("B2B") offering which we believe will further enhance our growth.

We have experienced solidly increasing profits in 2009 against a backdrop of a difficult wider economic environment. In addition, the Italian gaming market, still the main geographic location of the Group's business, has developed during this time into a well regulated and operated gaming environment which is now recognised as a leading example to other European countries.

To capitalise further on the increasing growth opportunities we are seeing in the European gaming market we have invested into securing the ownership of a call centre and server hub in Reggio, Calabria, and have expanded our risk management centre in Cyprus to provide additional call centre capacity. We have also continued to make significant investment into adapting our proprietary betting software for the white label (B2B) market.

Geographic review

Italy

The Group's largest market is Italy where Betshopitalia srl, its wholly owned Italian subsidiary company, operates a network of partners offering betting and gaming products under various licenses. These licences are issued by the Italian Regulator, AAMS ("Amministrazione Autonoma dei Monopoli di Stato") to registered customers in Italy, where 5% betting duties are paid monthly based on turnover.

This network averaged 529 active partners in 2009 (2008: 484). An active partner is deemed to have undertaken business in the last month and we believe the number of active partners better reflects the size of our customer base than the absolute number of customers, some of which may not be conducting business. During the summer months, many partners close their businesses for holidays, and the number of active partners, excluding the off season running from May to August, was 554 (2008: 498). The Group has over 118,000 registered customers but the software does not allow for the number of active customers to be accessed without considerable manual analysis.

In 2009, 80% of the amounts staked on sports arose from 21% of the current partners. Of these partners, 66% have been with the Group for longer than 2 years, which demonstrates the loyalty and stability of the network.

In addition, the Betshopitalia brand has become recognised and respected and has an excellent reputation for prompt payment, good service and reliability.

Betshop poker has established a growing following of regular customers and it is estimated that it now has over 13,500 regular players. Of these, 11,500 players are also active in sports betting, but importantly, 2,000 are pure poker players, all of which were recruited following the launch of the Group's play for money poker tournaments in November 2008. Whilst poker activity has reduced sports betting volumes, poker tournament fees provide stable income, albeit at a lower margin. This has resulted in more predictable results and greater stability.

In September 2009, online Superenalotto sub licenses were granted to ten companies and the Group has been successful in securing one of these sub licenses.

Casino products and poker cash games are expected to be permitted in the summer of 2010 in accordance with the June 2009 decree which set out plans to raise further funds to reconstruct the Abruzzo region following the disaster created by the earthquakes. The Group is ready to provide these further offerings to existing and new customers.

Regulations covering the introduction of bingo games have also been passed and the Group is in discussion with providers to supply the game to customers.

Cyprus

The Cyprus network of 49 partners (2008: 47) has traded profitably in the year and its increasingly efficient operations form a good base for future growth. The Group intends to expand the network in 2010.

The risk management function of the Group is undertaken from Cyprus where the odds are compiled and amended as necessary for every market. We are looking to expand this operation with live betting. We will also be taking additional call centre facilities to cater for calls for the B2B operations, which are operated by our licensed Malta subsidiary.

Greece

This business is purely online as land based gaming operations are not regulated with the exception of the state monopoly, OPAP. In this initial phase the Group has promoted the Betshop name to gain both credibility and a good reputation before launching the second phase in 2010 which includes marketing to generate further customers.

The Group is now working with a local marketing partner who is contracted to grow the betting volumes by a minimum of 25%. Despite the well publicised economic problems in the country, gaming is very popular in Greece and the Group believes that this market will significantly increase income.

The Group is prepared for land based operations when they become regulated.

Goalslive

The Goalslive website, www.goalslive.com, contains full results and league tables for over 12 seasons. Our in-house research has shown that users appreciate the simplicity of the lay out and accessibility of this service.

Options to improve the structure of the site and incorporate live sports content have recently been considered. However, with advertising rates at a low level, the Group's cost/benefit study has shown this development to be uneconomic at the present time. The Group will continue to monitor the feasibility of undertaking this work and continue to use the website as a customer acquisition tool.

Product review

Sports betting

Sports betting in Italy accounted for the vast majority of the business of the Group until November 2008, when play for money tournament poker was permitted in Italy. In Italy, the growth of poker has been at the detriment of sports betting, where about a third of our customers now play poker as well as bet on sporting events.

Overall, the volume of sports betting generated by the Group was €70.2m (2008: €71.3m) with the fall in Italy to €43.4m (2008: €53.9m) being compensated by growth in Cyprus to €17.5m (2008: €14.6m) and Greece to €8.9m (2008: €2.5m).

It is also worth noting that our Italian customers spent €47.0m in the year (2008: €2.7m) on joining poker tournaments. The net win margin is dependent on the outcome of sports events and taken over a lengthy period, they are stable, however, over short periods they can vary significantly.

In 2009, the Group achieved a net win on its sports book of €15.6m (2008: €17.1m) at a net win margin of 22.2% (2008: 24.0%). The slight drop in margin is because margins are generally lower in the new territories (Cyprus and particularly Greece) where betting patterns are different and more single bets prevail.

Following an exceptional first quarter, where unexpected results of soccer matches occurred frequently and a net win margin of 31.4% (2008: 27.2%) arose, the second and quiet third quarter showed margins of around only 17%. However, the fourth quarter margin reverted back to the annual average of 22%. This shows the variable nature of sports margins.

Poker

The introduction of tournaments to Italian customers has been a success with quarterly fees being €10.7m; €11.8m; €10.1m and €14.4m. After allowing for the holiday period in July and August these results demonstrate steady growth. Poker contributed €6.6m (2008: €0.5m) of net win or 27% (2008: 2%) of total net win and continues to perform strongly, with cash games scheduled to be introduced in 2010 bringing further gaming options.

Casino

Casino products are not yet permitted in Italy so the majority of the volume is generated through Greek customers. In 2009, this amounted to €27.4m (2008: €39.1m) earning a net win of €0.9m (2008: €1.3m). The drop in volume was due to a change of casino offering and platform.

Online lotto and skill games

Lotto and skill games generated volumes of €2.7m (2008: €3.0m) earning a net win of €0.7m (2008: €0.7m). The Group successfully tendered in late 2009, to distribute Superannalotto products, where activity levels increase as the jackpot becomes larger.

Regulatory position

The Group holds a variety of licenses in Italy covering the land based and online operations and has lodged, in Italy, a guarantee of €2.2m from Monte dei Paschi di Siena with AAMS of which €1.6m is backed by cash deposits.

Regular compliance checks and monitoring where every bet is passed through the treasury arm, SOGEI, means this is well regulated and monitored industry.

The Group has recently obtained a gaming license in Malta to cover all other online activities in Europe, where gaming activities are permitted.

Palermo sponsorship

The Group entered into a sponsorship agreement with Societa U.S. Citta di Palermo S.p.A. ("Palermo") on 3 April 2009, which provided for sponsorship and other marketing and advertising at Palermo football club for the 2009/10 season and an option for 2010/11 season.

This agreement was terminated by the company in December 2009 when an arbitration tribunal was officially formed. The first meeting at which documents and evidence was exchanged was held on 1 March 2010.

A maximum liability of €300,000 would arise if the arbitration tribunal finds against the company.

Outlook

Richard Creed, CEO of Leisure & Gaming plc, commented: "Figures published by the Italian regulator show that the Italian gaming market is growing by 20%. In addition, the imminent regulation of casino and cash poker games, (announced by the Italian regulator to occur in July 2010) is expected to provide significant growth opportunities.

The Group continues to diversify its product offerings in order to reduce its dependence on sports betting. The development of our B2B offering, using proprietary betting software, is generating many leads and the fees earned through the use of existing assets will serve to reduce the risks associated with sports betting.

We are also expanding into newly regulated Mediterranean markets and continue to monitor opportunities. Going forward the Group aims to enhance its position as a major European gaming operator and views 2010 as a year of investment, the benefits of which are expected from 2011 onwards."

Financial review

Trading summary

In total, the amounts staked on all our products for the year to 31st December 2009 were €150.9m (2008: €119.2m), earning net win of €24.7m (2008: €20.6m) generating an overall net win margin of 16.4% (2008: 17.3%). During the year the company allocated poker pool repayments as cost of sales which was later re-allocated to net win. This resulted in the net win and cost of sales being understated in the quarterly regulatory announcements, but the gross profit is unaffected.

Accounting convention dictates that turnover is stated in the accounts as amounts staked on sports events and net win on other products and amounted to €81.1m (2008: €76.9m).

Amounts staked on sports betting were €70.2m (2008: €71.3m), generating a net win of €15.6m (2008: €17.1m), at a net win percentage of 22.2% (2008: 24.0%).

Amounts staked on horse betting were €2.7m (2008: €3.1m), generating a net win of €0.9m (2008: €1.0m).

Amounts staked on casino products were €27.4m in plays (2008: €39.1m) generating net win of €0.9m (2008: €1.3m).

Amounts staked on lotto and skill games were €2.7m (2008: €3.0m), generating net win of €0.7m (2008: €0.7m).

The poker tournament fees generated €47.9m (2008: €2.7m), earning a gross rake of €6.6m (2008: €0.5m).

Other income mainly comprised advertising revenue generated on our results web site, www.goalslive.com and the release of the deferred income generated on licences.

The cost of sales of €18.6m (2008: €15.3m) includes commissions payable to our partner network, betting duties, IT software provider commissions, bonuses given to customers and the cost of processing payments to and from customers. The increase in costs, as a percentage of net win, was mainly attributable to the Greek market commission plans which are predominantly turnover based.

Administrative costs of €4.3m (2008: €4.7m) include salaries of €1.1m (2008:€1.6m), IT hosting and servicing costs of €0.8m (2008:€1.0m), risk management costs of €0.7m (2008: €0.5m) and legal & professional fees of €0.7m (2008:€0.5m). Legal fees include the fees attributable to the capital re-organisaition, review of the Employee Benefit Trust and legal advice on US matters of €0.2m. The other costs of €1.0m (2008: €1.1m) represent rent of premises, telephone, insurance and other operational costs.

No impairment charge against the cost of the licenses was necessary this year (2008: €0.2m).

The profit before interest, tax, amortisation, depreciation and foreign exchange (loss)/gain was €2.5m (2008: €1.3m).

Depreciation and amortisation amounted to €0.4m (2008: €0.3m) and finance costs including interest of €0.1m (2008:€0.2m) was paid to banks and on the loan note and a foreign exchange loss of €0.2m (2008: gain €0.5m).

The profit before tax increased to €1.8m (2008: €1.3m)

Taxation

Taxation arises on the profits generated in Italy and losses elsewhere in the Group are currently not relievable against these taxable profits. Full provision has been made for the tax in Italy of €0.8m (2008: €0.7m) .

The net profit attributable to shareholders was €1.0m (2008: €0.6m).

Earnings per share

There are 94,429,647 Ordinary shares in issue at 31 December 2009. The weighted average number of shares in issue in 2009 was 94,200,061 (2008: 89,340,451)

Basic and diluted earnings per share were 1.1c (2008: 0.7c)

Balance sheet assets

The Group purchased the Betshop Group in June 2006 for a sterling (£) consideration. At subsequent financial year ends, the purchase price was translated into the reporting currency at the year end rate. Under IAS 21, the transaction is now required to be accounted for at the exchange rate prevailing at the date of the transaction which resulted in the goodwill book value increasing by €5.7m in this financial year.

Property, plant and equipment increased by €0.5m mainly due to the purchase of the office equipment in Reggio.

Other intangible assets comprise the gaming licences with a net book value of €1.6m and the software development of €0.8m, which increased by €0.7m in 2009 as a result of the continued development and enhancement of our gaming software particularly for the B2B business platform.

Cash flow

	As at 31 December 2009	As at 31 December 2008
	€m	€m
Cash and cash equivalents	1.6	1.5
Cash held as security	<u>1.6</u>	<u>2.2</u>
	<u>3.2</u>	<u>3.7</u>
Bank borrowings	(0.9)	(1.2)
Loan note	(0.3)	(0.4)
Net client funds	<u>(0.5)</u>	<u>(1.0)</u>
Net cash position	<u>1.5</u>	<u>1.1</u>

The Group successfully negotiated the release of €0.6m from the guarantees which support the Italian gaming licenses and has spent the following significant amounts in the year:-

- Property in Reggio Calabria - €0.3m
- Software development - €0.7m
- Loan repayments - €0.4m
- Advance tax payments for 2009 - €0.2m

The investment in premises was essential to secure the tenure of our Italian call centre and services support office, particularly as the Group is investing in the infrastructure of the building in terms of cabling for communications equipment, Italian hosting servers and operational offices.

The software development will allow the Group to offer B2B business which generates greater fee income and this is explained more fully in the Chief Executive's review.

Looking at the current year (2010), the Group is faced with the following discretionary expenditure:-

- Further guarantees in Italy to support the new casino offering which is estimated to be €0.5m;
- If the Group chooses to offer online bingo products in Italy, guarantees and set up costs will be involved and are estimated to be €0.4m;
- Costs of adding new markets;

In addition, the following known cash outflows are projected to be made in the year:-

- Completion of the software development is forecast to cost €0.4m
- The loan repayments are scheduled to be €0.6m

Treasury management

The Group's treasury function controls the finance and management of liquidity, foreign exchange and interest rates and seeks to reduce risk in accordance with policies approved by the Board. It is not the policy of the Group to trade in or enter into speculative transactions.

The Directors took the decision to transfer all borrowings, except the loan note, into Euro which is the trading currency to match earnings with borrowings.

Equity and reserves

The capital reorganisation was approved by the Companies Court on 2 June 2009 and registered at Companies House on 14 July 2009, when it became effective. The adjustment to reserves is shown in the Statement of Changes in Equity.

The effect of this re-organisation was to reduce the share premium account by €67.8m being the premiums associated with the purchases of businesses with US customers that were sold in October 2006 and the cancellation of the deferred shares which were created in May 2007 when the share capital was redesignated into 5p ordinary shares and 20p deferred shares. These adjustments allowed for the deficit on the retained earnings account to be eliminated.

On 1 October 2009, the Company issued 306,955 ordinary shares to Gabriel Chaleplis. These shares were issued under the terms of the purchase agreement of the Betshop Group where the Company retained 306,955 ordinary shares from the consideration pending any claims under the warranties and indemnities. Following two annual audits, the Company has confirmed that it has no claims and issued the shares on 1 October 2009. The retained shares were recorded as "Shares to be issued" under the Equity and reserves in the balance sheet and the adjustment has released these shares to issued equity.

Leisure & Gaming plc
Unaudited Consolidated Statement of Comprehensive Income
Year ended 31 December 2009

	2009	2008
	€m	€m
Amounts staked (see note below)	81.1	76.9
Revenue		
Net win	24.7	20.6
Other income	0.7	0.9
	25.4	21.5
Cost of sales	(18.6)	(15.3)
Gross profit	6.8	6.2
Impairment charge	-	(0.2)
Other administrative expenses	(4.3)	(4.7)
EBITDA	2.5	1.3
Depreciation and amortisation	(0.4)	(0.3)
Profit before finance cost, foreign exchange loss/(gain)and tax	2.1	1.0
Finance costs	(0.1)	(0.2)
Foreign exchange (loss)/gain	(0.2)	0.5
Profit before tax	1.8	1.3
Income tax expense	(0.8)	(0.7)
Profit for the year after tax attributable to the Owners of the parent	1.0	0.6
Earnings per share (cents) Basic and diluted	1.1c	0.7c
Other comprehensive income		
Foreign exchange movements	5.7	(4.1)
Other comprehensive income for the year, net of tax	5.7	(4.1)
Total comprehensive income for the year attributable to the owners of the parent	6.7	(3.5)

Amounts staked does not represent the Group's statutory revenue. It comprises the total amount

staked by customers on sports and horse betting and net win on gaming activities.

Leisure & Gaming plc
Unaudited Consolidated Statement of Financial Position
As at 31 December 2009

	31 Dec 2009 €m	31 Dec 2008 €m
ASSETS		
Non-current assets		
Property, plant and equipment	0.5	0.2
Goodwill	19.6	13.9
Other intangibles	2.4	1.9
	<u>22.5</u>	<u>16.0</u>
Current assets		
Trade and other receivables	3.4	4.2
Cash and cash equivalents	1.6	1.5
	<u>5.0</u>	<u>5.7</u>
Total assets	<u>27.5</u>	<u>21.7</u>
LIABILITIES		
Current liabilities		
Borrowings	(0.4)	(1.2)
Trade and other payables	(2.7)	(2.3)
Deferred income	(1.0)	(1.1)
Client funds	(1.7)	(2.3)
Current tax liabilities	(0.4)	(0.6)
Loan notes	(0.3)	(0.4)
	<u>(6.5)</u>	<u>(7.9)</u>
Non-current liabilities		
Borrowings	(0.5)	-
Total liabilities	<u>(7.0)</u>	<u>(7.9)</u>
Net Assets	<u>20.5</u>	<u>13.8</u>
EQUITY AND RESERVES		
Share capital	6.8	27.6
Share premium	10.5	77.7
Share option reserve	0.6	0.6
Shares to be issued	-	0.6
Foreign exchange reserve	-	(11.5)
Retained earnings	2.6	(81.2)
Total Equity and reserves attributable to the owners of the parent	<u>20.5</u>	<u>13.8</u>

Leisure & Gaming plc
Unaudited Consolidated Statement of changes
in Equity

	Share Capital	Share Premium	Share Option Reserve	Attributable to the owners of the parent Shares to be issued	Foreign exchange translation	Retained earnings	Total
	€m	€m	€m	€m	€m	€m	€m
Balance as at 31 December 2007	27.1	77.6	0.6	0.6	(7.4)	(81.8)	16.7
Comprehensive income							
Profit for the year	-	-	-	-	-	0.6	0.6
Other comprehensive income							
Foreign exchange movements	-	-	-	-	(4.1)	-	(4.1)
Total comprehensive income	-	-	-	-	(4.1)	0.6	(3.5)
Transactions with owners							
Issue of ordinary shares	0.5	0.1	-	-	-	-	0.6
Balance as at 31 December 2008	27.6	77.7	0.6	0.6	(11.5)	(81.2)	13.8
Comprehensive income							
Profit for the year	-	-	-	-	-	1.0	1.0
Other comprehensive income							
Foreign exchange movements	-	-	-	-	5.7	-	5.7
Total comprehensive income	-	-	-	-	5.7	1.0	6.7
Transactions with owners							
Capital re-organisation	(20.8)	(67.8)	-	-	5.8	82.8	-
Issue of "shares to be issued"	-	0.6	-	(0.6)	-	-	-
Balance as at 31 December 2009	6.8	10.5	0.6	-	-	2.6	20.5

Leisure & Gaming plc
Unaudited Consolidated Statement of Cash Flows
Year ended 31 December 2009

	2009	2008
	€m	€m
Profit before tax	1.8	1.3
Adjustments for:		
Depreciation	0.2	-
Amortisation	0.2	0.3
Impairment of intangible assets	-	0.2
Foreign exchange loss	-	0.4
Interest expense	0.1	0.2
Decrease / (Increase) in trade and other receivables	0.8	(1.2)
Increase in trade and other payables	0.4	0.1
(Decrease) in deferred income	(0.1)	(0.7)
(Decrease)/ Increase in client funds	(0.6)	1.2
Cash generated from operating activities	2.8	1.8
Tax paid	(1.0)	(0.3)
Net cash from operating activities	1.8	1.5
Investing activities		
Purchases of intangible assets	(0.7)	(0.4)
Purchases of property, plant and equipment	(0.5)	(0.1)
Net cash used in investing activities	(1.2)	(0.5)
Financing activities		
Proceeds from issue of ordinary shares	-	0.6
Repayment of loans	(0.4)	(0.7)
Proceeds from new loan	-	0.2
Interest paid	(0.1)	(0.2)
Net cash outflow from financing activities	(0.5)	(0.1)
Net increase in cash and cash equivalents	0.1	0.9
Cash and cash equivalents at beginning of year	1.5	0.6
Cash and cash equivalents at end of year	1.6	1.5

NOTES TO THE UNAUDITED PRELIMINARY STATEMENT

1 Basis of Preparation

The figures for the year ended 31 December 2009 and 2008 do not constitute statutory accounts within the meaning of s435 of the Companies Act 2006. The results included in the preliminary announcement are unaudited. The financial information set out in this announcement does not constitute the statutory accounts for the period ended 31 December 2009. The statutory accounts for the period ended 31 December 2009 will be finalised on the basis of the financial information presented by the Directors in this preliminary announcement and will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

The figures for the year ended 31 December 2008 have been extracted from the statutory accounts for that year which has been delivered to the Registrar of Companies and on which the auditor has issued an unqualified audit report. No statement has been made by the auditor under section 237 (2) or (3) of the Companies Act 1985 in respect of the 2008 accounts.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The information in this preliminary statement has been extracted from the unaudited financial statements for the year ended 31 December 2009 and as such, does not contain all the information required to be disclosed in accordance with the International Financial Reporting Standards ('IFRS').

This announcement was approved by the board of Directors on 22 April 2010.

The company intends to post the Report and Accounts to shareholders by 28 May 2010. Further copies will be available on request from the company secretary, at Ashville House, 131-139 The Broadway, Wimbledon, London SW19 1QJ