



sportech PLC

interim management report 2009

MODERNISING AN INSTITUTION

REINVIGORATING THE FOOTBALL POOLS



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01

FINANCIAL HIGHLIGHTS

- Profit before tax has increased by 4% to £5.1m (2008: £4.9m)
- Earnings per share increased by 9% to 3.7p (2008: 3.4p)
- Net bank debt reduced by £2.7m to £80.5m (31 December 2008: £83.2m)
- Adjusted profit before tax* of £6.9m (2008: £7.8m)

STRATEGIC AND OPERATIONAL HIGHLIGHTS

- Rebranding exercise towards The New Football Pools, GameOn and Vernons largely completed
- Innovative social gaming platform bringing social networking functionality to leading fantasy football communities launched
- Media partnerships launched with The Daily Telegraph, Daily Mail and the Metro for online social gaming platform
- Customer recruitment and retention at highest level in recent years
- Integration of Vernons Pools largely complete with operational and financial synergies continuing to exceed management's initial forecasts
- Football pools products now accessible to the poker customer database of 888 Holdings Plc ("888")
- Strategic partnership with 888, delivering growth after migration challenges last year – extension of e-Gaming suite of products
- Extended distribution into Licensed Betting Offices ("LBOs") – Ladbrokes initially, and now agreement concluded with Finsoft, a technology supplier to over one thousand LBOs in the UK and overseas
- Ongoing modernisation of many aspects of the business nearing completion

* Adjusted profit before tax is profit before taxation, amortisation of acquired intangibles, exceptional costs and non-cash finance charges.

BUSINESS REVIEW

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THE BOARD IS PLEASED TO REPORT THAT THE GROUP CONTINUES TO BUILD UPON THE STRATEGIC INITIATIVES PUT IN PLACE IN ORDER TO DELIVER ITS TURNAROUND STRATEGY.

FORWARD-LOOKING STATEMENTS

Certain statements in this interim report are forward-looking. Although the Group believes that the expectations reflected in this forward-looking statement are reasonable, it can give no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements.

OVERVIEW

The Board is pleased to report that the Group continues to build upon the strategic initiatives put in place in order to deliver its turnaround strategy.



FINANCIAL PERFORMANCE SUMMARY

The financial results for the period reflect the continuing improvement made to the Group as a result of the Board's turnaround strategy. For the six months ended 30 June 2009, adjusted profit before tax amounts to £6.9m (2008: £7.8m), with the reduction primarily attributable to the planned investment in our online Football Pools business. Following exceptional costs, amortisation of acquired intangibles and non-cash finance charges, in total amounting to £1.8m (2008: £2.9m), profit before tax has increased by 4% to £5.1m (2008: £4.9m). Earnings per share have increased by 9% to 3.7p (2008: 3.4p).

Net debt has reduced by £2.7m to £80.5m (31 December 2008: £83.2m). Total shareholders' equity and the Group's net assets have increased to £101.5m (31 December 2008: £97.3m).

BANK FACILITIES

Our balance sheet remains strong, supported by committed ten year banking facilities that expire in 2017. The Group has swap agreements for 2-7 years on a total of £60m of debt representing over 70% of total bank debt, at an average rate (before the lending margin) of 4.82%. This has reduced the Group's exposure to any volatility in the credit markets over the period of these agreements.

SUMMARY

- Profit before tax has increased by 4% to £5.1m (2008: £4.9m).....
- Earnings per share increased by 9% to 3.7p (2008: 3.4p).....
- Customer recruitment and retention at highest level in recent years.....
- Rebranding exercise towards The New Football Pools, GameOn and Vernons largely completed.....

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DIVIDEND

Continuing the policy of recent years, no dividend is proposed, as it is the Board's current intention to use the Group's significant cash generation to reduce debt and invest in growth opportunities.

VAT CLAIMS

The Board announced on 1 April 2009 that the Group had submitted a claim for in excess of £40m to HMRC for the repayment of VAT overpaid in respect of the 'Spot the Ball' game from 1979 to 1996. Interest may also be added to the principal sum claimed, if applicable. The claim has not been recognised in the Group's financial statements. The Group can give no guarantees as to the successful outcome of this claim and has been advised that it may take a number of years to reach a final decision. We await further developments on this claim.

THE NEW FOOTBALL POOLS

A key objective of the turnaround strategy has been to position our unique product, the Football Pools, at the heart of our business and the Group has continued to focus on its modernisation and revitalisation in order to appeal to a new and younger audience as well as to existing and former players.

FOOTBALL GAMING – RETAIL

Operating profit pre exceptional costs and amortisation from our traditional retail football pools business amounted to £11.0m, which is in line with our expectations and broadly similar to last year (2008: £11.3m). In view of the historic decline in this area, this performance represents an important step towards a much more resilient core business. The Group continues to modernise its traditional pools business and has made further significant progress in the integration of Vernons and the overhaul

of the Group's technology infrastructure. This exercise is expected to be completed within the current financial year and will deliver further cost savings on top of the already significant synergies derived from the acquisition of Vernons.

In addition to these cost savings, the integration and modernisation has also improved our focus on sales and marketing initiatives in the traditional customer base. In particular our direct business, which now accounts for around 62% of the revenues generated from the Classic Pool game, has delivered a much improved performance on previous years, with revenues having now stabilised.

Following the launch in January 2009 of Classic Pools and Premier 10 in Ladbrokes' LBOs, we are pleased that football pools products are now available on 888's poker network, in time for the start of the new season.

BUSINESS REVIEW CONTINUED

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WE LAUNCHED OUR INNOVATIVE SOCIAL GAMING PLATFORM TO BRING SOCIAL NETWORKING FUNCTIONALITY TO LEADING FANTASY FOOTBALL COMMUNITIES.

THE NEW FOOTBALL POOLS CONTINUED FOOTBALL GAMING – RETAIL CONTINUED

In addition, we have concluded arrangements with Finsoft, a technology supplier to over a thousand LBOs in the UK and overseas, to facilitate the distribution of our Football Pools products into retail outlets. Integration and testing work is underway. We expect to be live in the final quarter of the current year. Further agreements are anticipated shortly.

FOOTBALL GAMING – ONLINE

We have continued to invest in establishing our online football activities. In line with our expectations and ahead of the new football season, where we expect to start to see a financial return on this investment, operating losses pre exceptional costs and amortisation of £1.5m were incurred (2008: loss of £0.6m). Following the launch of our

online activities in July 2008, we have now completed the relocation, and associated employee recruitment, of this activity to our recently established London office. After extensive consumer focus and user group consultations, the website www.footballpools.com has been significantly improved to drive game play, improve the customer experience and refresh our mini league proposition. This site will be operational next week, ahead of the start of the Premier League season.

A further significant step was the announcement on 16 July 2009 that we had launched our innovative social gaming platform to bring social networking functionality to leading fantasy football communities. The Football Pools was the original social gaming community game, where millions of players played

the pools every week with tens of thousands of collectors visiting our customers. As many social communities have now moved online, we have responded to this consumer trend to give new, existing and former pools players a brand new way to play.

In conjunction with the launch of the platform we have signed partnership agreements with three leading media partners, The Daily Telegraph, The Daily Mail and Metro, to make this new offering available to over 400,000 fantasy football players. The integration of our social gaming platform is underpinned by a seamless joint sign-up process and, in addition, for The Daily Telegraph's 200,000 players, provision of our e-wallet to receive and make payments. The development represents a significant addition to the Group's technology portfolio.

The social gaming platform has been developed to ensure that the fantasy football community is serviced with the latest and best practice social networking functionality. The offering includes mini league functionality, a live news feed, instant messaging facility and an interactive comment "wall" enabling players to create online communities and communicate with ease. In addition, and importantly for delivering a leading customer experience, the proposition enables the 400,000 combined fantasy football community of our three media partners to play the Group's expanding range of online football prediction games without leaving their respective websites.

Further advertising and marketing initiatives, both online and in print, have been incorporated into these agreements to create an even stronger visible presence for The New Football Pools. Specifically, in the printed editions of The Daily Telegraph,

the newspaper's sport section will feature a dedicated weekly column incorporating Alan Hansen in his dual role as The Daily Telegraph's face of fantasy football and a member of The New Football Pools' "Pools Pundits" team.

CUSTOMER NUMBERS

The Group is targeting to halt the overall customer loss in 2009, having suffered 15 years of significant customer losses since the National Lottery was introduced in 1994. The expanding range of distribution channels make a direct comparison of customer numbers difficult at the half year, as June represents the close season for football in the UK. However, we estimate the number of unique players to be 590,000 customers in the first half of the year, representing a reduction in customers of 6% (2008: 8% and 2007: 10%). The addition of further distribution channels is essential to recruiting

new customers and with the launch of football pool products on the 888 platform, into LBOs and the online initiatives detailed above, the Board expects to deliver on this customer objective.

E-GAMING

The final quarter of 2008 saw the commencement of the strategic marketing, distribution and technology partnership with 888. The suite of products which initially consisted of LittlewoodsCasino.com and LittlewoodsPoker.com, has been augmented this year with GameOnBingo.com and GameOnQuickplay.com. LittlewoodsBingo.com, operating on the St Minver network, and the recently relaunched Vernons.co.uk complete our range of online products.

Overall, operating profit, pre exceptional costs and amortisation remained stable at £1.3m (2008: £1.4m), but this represents an 85% increase in profitability

BUSINESS REVIEW CONTINUED

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THE BOARD HAS ADOPTED AND IMPLEMENTED A CLEAR BRANDING STRATEGY TO REFLECT THE CONSOLIDATION OF THE FOOTBALL POOLS INDUSTRY, TO MODERNISE AND REINVIGORATE THE BUSINESS.

E-GAMING CONTINUED

compared to the second half of 2008. This has been achieved against a backdrop of challenging economic times for the online gaming industry and, whilst much work remains to be done, this provides us with a platform on which to build after the technical and marketing challenges encountered during the migration of the business to 888 last year. We are also pleased that, following additional technical challenges, football pools products are available to be played on the 888 poker network in time for the new season.

There were 39,500 active e-gaming customers representing a 19% increase on the same time last year. The challenging economic conditions, together with the relative growth in bingo customers, has seen the gross win per player reduce to £143 (2008: £205).

CENTRAL COSTS AND BANK INTEREST

We continue to exercise tight control on central costs which have increased only marginally to £1.4m (2008: £1.3m). Strong cash management and the prevailing interest rate environment has enabled us to reduce bank interest payable by 17% to £2.5m (2008: £3.0m).

BRANDING

The Board has adopted and implemented a clear branding strategy to reflect the consolidation of the football pools industry, to modernise and reinvigorate the business and also to address the challenges arising from the short tenure of the Littlewoods name used under a ten year licensing agreement which expires in 2010. The New Football Pools brand was introduced in July 2008 to replace the former Littlewoods Football

Pools and Vernons Football Pools brands. Similar brand transitions for our international customers commence this month. Our e-Gaming activities have seen the launch of the GameOn.com brand this Spring and in the Autumn we will start to gravitate the Littlewoods Casino and Poker brands to the GameOn proposition. Vernons.co.uk has been fully refreshed and went live last month.

BOARD AND EMPLOYEES

The Group has undergone another transformational period as it continues to modernise an institution and reinvigorate the Football Pools. The challenges and pressures placed upon the Board and its employees have been, and continue to be, significant. The Board is proud of the commitment and dedication shown in order to achieve the Group's strategic objectives.

PRINCIPAL RISKS AND UNCERTAINTIES FOR THE REMAINDER OF THE YEAR

The principal risks and uncertainties for the Group remain the same as those detailed on page 26 of the 2008 Sportech PLC Annual Report and Accounts. The risks that are most applicable in the short term are in the areas of:

- the level of retention of customers;
- our ability to recruit new customers to The New Football Pools; and
- the challenging economic environment in the United Kingdom.


RELATED PARTY TRANSACTIONS

Related party transactions are detailed in note 13 of the Interim Financial Information.

OUTLOOK

The Group is entering into another important period in its turnaround strategy and is looking for a strong second half of the year in all areas and, in particular, in its online activities. As we approach the start of the 2009/10 football season, which culminates in the 2010 World Cup in South Africa, the Group has continued to improve its range of products, secured additional distribution routes and has a technology infrastructure which has been significantly enhanced. These three key foundations of products, distribution and technology all represent a marked improvement on the customer offering in 2008/9 and represent a strong base on which to build.

Whilst the Group has embarked upon its turnaround strategy in the most challenging economic conditions seen for decades, the Board remains confident regarding the Group's future prospects.



PIERS POTTINGER
CHAIRMAN



IAN R PENROSE
CHIEF EXECUTIVE
4 August 2009

CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2009

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	Note	Six months ended 30 June 2009 (Unaudited) £m	Six months ended 30 June 2008 (Unaudited) £m	Year ended 31 December 2008 (Audited) £m
Continuing operations				
Gross win revenue	4	32.4	36.6	71.8
Cost of sales		(7.4)	(9.2)	(17.2)
Gross profit		25.0	27.4	54.6
Distribution costs		(0.4)	(0.4)	(0.8)
Administrative expenses		(16.9)	(18.9)	(40.5)
Operating profit before amortisation of acquired intangibles and exceptional costs		9.4	10.8	22.6
Amortisation of acquired intangibles		(1.3)	(1.3)	(2.6)
Exceptional costs	5	(0.4)	(1.4)	(6.7)
Operating profit	4	7.7	8.1	13.3
Finance costs	6	(2.5)	(3.4)	(6.5)
Finance income	6	—	0.4	0.7
Non-cash finance charges	6	(0.1)	(0.2)	(0.4)
Profit before taxation		5.1	4.9	7.1
Adjusted profit before taxation*		6.9	7.8	16.8
Taxation	7	(1.4)	(1.4)	(2.0)
Profit for the period from continuing operations attributable to equity shareholders		3.7	3.5	5.1
Earnings per share from continuing operations				
Basic and diluted	8	3.7p	3.4p	5.1p
Adjusted earnings per share				
Basic and diluted	8	5.0p	5.5p	12.0p

*Adjusted profit before taxation is profit before taxation, amortisation of acquired intangibles, exceptional costs and other non-cash finance charges in respect of the deferred consideration payable on the acquisition of Vernons.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Six months ended 30 June 2009 (Unaudited) £m	Six months ended 30 June 2008 (Unaudited) £m	Year ended 31 December 2008 (Audited) £m
Profit for the financial period	3.7	3.5	5.1
Other comprehensive income			
Actuarial loss on retirement benefit obligations	—	—	(0.1)
Financial instrument movement, net of tax	0.4	1.6	(3.4)
Other comprehensive income for the period, net of tax	0.4	1.6	(3.5)
Total comprehensive income for the period attributable to equity shareholders	4.1	5.1	1.6

The notes on pages 12 to 18 form an integral part of this condensed consolidated interim financial information.

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2009

	As at 30 June 2009 (Unaudited) £m	As at 30 June 2008 (Unaudited) £m	As at 31 December 2008 (Audited) £m
ASSETS			
Non-current assets			
Goodwill	165.5	165.5	165.5
Other intangible assets	9 37.3	35.6	37.4
Property, plant and equipment	9 1.8	2.6	2.0
Retirement benefit assets	0.2	0.3	0.2
Deferred tax assets	1.4	0.5	1.5
	206.2	204.5	206.6
Current assets			
Trade and other receivables	3.3	3.9	2.5
Financial instrument asset	—	2.2	—
Cash and cash equivalents	10 2.3	3.5	3.5
	5.6	9.6	6.0
TOTAL ASSETS	211.8	214.1	212.6
LIABILITIES			
Current liabilities			
Financial instrument liability	(4.2)	—	(4.7)
Financial liabilities	11 (10.4)	(9.4)	(9.8)
Trade and other payables	(18.1)	(18.5)	(19.9)
Current tax liabilities	(1.8)	(1.9)	(1.0)
	(34.5)	(29.8)	(35.4)
Net current liabilities	(28.9)	(20.2)	(29.4)
Non-current liabilities			
Financial liabilities	11 (75.0)	(82.3)	(79.0)
Deferred tax liabilities	(0.8)	(0.7)	(0.9)
	(75.8)	(83.0)	(79.9)
TOTAL LIABILITIES	(110.3)	(112.8)	(115.3)
NET ASSETS	101.5	101.3	97.3
SHAREHOLDERS' EQUITY			
Ordinary shares	50.3	50.3	50.3
Share premium	20.7	20.7	20.7
Financial instrument reserve	(3.0)	2.2	(3.4)
Other reserves	0.9	0.8	0.8
Retained earnings	32.6	27.3	28.9
TOTAL SHAREHOLDERS' EQUITY	101.5	101.3	97.3

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The notes on pages 12 to 18 form an integral part of this condensed consolidated interim financial information.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2009

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	Note	Six months ended 30 June 2009 (Unaudited) £m	Six months ended 30 June 2008 (Unaudited) £m	Year ended 31 December 2008 (Audited) £m
Cash flows from operating activities				
Cash generated from operations	12	7.1	8.8	18.5
Interest received		—	0.2	0.5
Interest paid		(2.5)	(2.6)	(5.7)
Tax paid		(0.6)	(1.0)	(2.0)
Net cash generated from operating activities		4.0	5.4	11.3
Net cash from operating activities before charity and customer cash movement		4.4	5.0	11.0
Charity and customer cash movement	10	(0.4)	0.4	0.3
Net cash generated from operating activities		4.0	5.4	11.3
Cash flows from investing activities				
Acquisition of Vernons, net of cash acquired		—	—	(3.0)
Acquisition of 4thegame		—	—	(0.6)
Purchase of intangible fixed assets	9	(1.6)	(0.8)	(3.5)
Purchase of property, plant and equipment	9	(0.1)	(1.0)	(0.6)
Net cash used in investing activities		(1.7)	(1.8)	(7.7)
Cash flows from financing activities				
Proceeds from borrowings		—	—	3.0
Repayment of borrowings	11	(3.5)	(8.0)	(11.0)
Net cash used in financing activities		(3.5)	(8.0)	(8.0)
Net decrease in cash and cash equivalents		(1.2)	(4.4)	(4.4)
Cash and cash equivalents at start of period		3.5	7.9	7.9
Cash and cash equivalents at end of period		2.3	3.5	3.5
Reconciliation of net debt				
Decrease in cash in period		(1.2)	(4.4)	(4.4)
Movement in charity and customer cash	10	0.4	(0.4)	(0.3)
Change in net debt resulting from cash flows		(0.8)	(4.8)	(4.7)
Cash outflow from repayment of loans	11	3.5	8.0	11.0
Cash inflow from loans taken		—	—	(3.0)
Movement in net debt for the period		2.7	3.2	3.3
At start of period		(83.2)	(86.5)	(86.5)
At end of period		(80.5)	(83.3)	(83.2)
Net debt comprises:				
Cash and cash equivalents including charity and customer cash		2.3	3.5	3.5
Less charity and customer cash balances		(0.3)	(0.8)	(0.7)
Available cash and cash equivalents		2.0	2.7	2.8
Loans repayable within one year		(7.5)	(6.5)	(7.0)
Loans repayable after one year		(75.0)	(79.5)	(79.0)
At end of period		(80.5)	(83.3)	(83.2)

The notes on pages 12 to 18 form an integral part of this condensed consolidated interim financial information.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £m	Share premium £m	Financial instrument reserve £m	Share option reserve £m	Pension reserve £m	Retained earnings £m	Total £m
At 1 January 2009	50.3	20.7	(3.4)	0.7	0.1	28.9	97.3
Profit for the period	—	—	—	—	—	3.7	3.7
Share option credit	—	—	—	0.1	—	—	0.1
Financial instrument reserve movement	—	—	0.4	—	—	—	0.4
At 30 June 2009	50.3	20.7	(3.0)	0.8	0.1	32.6	101.5

	Share capital £m	Share premium £m	Financial instrument reserve £m	Share option reserve £m	Pension reserve £m	Retained earnings £m	Total £m
At 1 January 2008	50.3	20.7	—	0.4	0.2	23.8	95.4
Profit for the period	—	—	—	—	—	3.5	3.5
Share option credit	—	—	—	0.2	—	—	0.2
Financial instrument reserve movement	—	—	2.2	—	—	—	2.2
At 30 June 2008	50.3	20.7	2.2	0.6	0.2	27.3	101.3

	Share capital £m	Share premium £m	Financial instrument reserve £m	Share option reserve £m	Pension reserve £m	Retained earnings £m	Total £m
At 1 January 2008	50.3	20.7	—	0.4	0.2	23.8	95.4
Profit for the period	—	—	—	—	—	5.1	5.1
Share option credit	—	—	—	0.3	—	—	0.3
Pension reserve credit	—	—	—	—	(0.1)	—	(0.1)
Financial instrument reserve movement	—	—	(3.4)	—	—	—	(3.4)
At 31 December 2008	50.3	20.7	(3.4)	0.7	0.1	28.9	97.3

NOTES TO THE INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2009

1. GENERAL INFORMATION

Sportech PLC (the 'Company') and its subsidiaries (together the 'Group') operate football pools and associated games through various distribution channels including direct mail and telephone, agent-based collection and via the internet. The Group also operates a portfolio of online casino, poker, bingo and fixed odds games businesses through its e-Gaming division.

The Company is a public limited company which is listed on the London Stock Exchange and is incorporated and domiciled within the UK. The address of the registered office is 249 West George Street, Glasgow G2 4RB.

This condensed consolidated interim financial information was approved for issue on 4 August 2009.

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2008 were approved by the Board of Directors on 24 March 2009 and have been delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

This condensed consolidated interim financial information has not been reviewed or audited.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2009 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34 "Interim financial reporting" as adopted by the European Union. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2008, which have been prepared in accordance with IFRS as adopted by the European Union.

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2008, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total earnings for the year.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009.

- IAS 1 (revised), 'Presentation of financial statements'. Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has elected to present two statements; an income statement and a statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.
- IFRS 8 'Operating segments'. IFRS 8 replaces IAS 14 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2009 but are not currently relevant for the Group.

- IFRIC 13 'Customer loyalty programmes'.
- IFRIC 15 'Agreements for the construction of real estate'.
- IFRIC 16, 'Hedges of a net investment in a foreign operation'.
- IAS 39 (amendment) 'Financial instruments: Recognition and measurement'.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2009 and have not been early adopted:

- IFRS 3 (revised) 'Business combinations' and consequential amendments to IAS 27.
- IFRIC 17 'Distributions of non-cash assets to owners', effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the Group, as it has not made any non-cash distributions.
- IFRIC 18 'Transfers of assets from customers', effective for transfers of assets received on or after 1 July 2009. This is not relevant to the Group, as it has not received any assets from customers.



4. SEGMENTAL REPORTING

	Six months ended 30 June 2009 (Unaudited)				
	Football Gaming – Retail £m	e-Gaming £m	Football Gaming – Online £m	Corporate costs £m	Group £m
Continuing operations					
Gross win revenue	28.6	3.2	0.6	—	32.4
Segment result before exceptional costs and amortisation of acquired intangibles	11.0	1.3	(1.5)	(1.4)	9.4
Amortisation of acquired intangibles	(1.3)	—	—	—	(1.3)
Exceptional costs	(0.2)	—	(0.2)	—	(0.4)
Operating profit	9.5	1.3	(1.7)	(1.4)	7.7
Net finance costs					(2.6)
Profit before taxation					5.1
Taxation					(1.4)
Profit for the period from continuing operations					3.7

	Six months ended 30 June 2008 (Unaudited)				
	Football Gaming – Retail £m	e-Gaming £m	Football Gaming – Online £m	Corporate costs £m	Group £m
Continuing operations					
Gross win revenue	30.1	6.3	0.2	—	36.6
Segment result before exceptional costs and amortisation of acquired intangibles	11.3	1.4	(0.6)	(1.3)	10.8
Amortisation of acquired intangibles	(1.3)	—	—	—	(1.3)
Exceptional costs	(1.4)	—	—	—	(1.4)
Operating profit	8.6	1.4	(0.6)	(1.3)	8.1
Net finance costs					(3.2)
Profit before taxation					4.9
Taxation					(1.4)
Profit for the period from continuing operations					3.5

Following the transfer of the Group's principal e-Gaming operations to 888, the Group's definition of gross win revenue now includes various deductions that previously were reported as cost of sales or administrative expenses. Of the reduction in gross win revenue for the e-Gaming segment of £3.1m between the six months ended 30 June 2008 and the six months ended 30 June 2009, £1.7m is as a consequence of this change in presentation and has no impact on operating profit for the segment.

NOTES TO THE INTERIM FINANCIAL INFORMATION CONTINUED

FOR THE SIX MONTHS ENDED 30 JUNE 2009

4. SEGMENTAL REPORTING CONTINUED

	Year ended 31 December 2008 (Audited)				
	Football Gaming – Retail £m	e-Gaming £m	Football Gaming – Online £m	Corporate costs £m	Group £m
Continuing operations					
Gross win revenue	61.0	10.0	0.8	—	71.8
Segment result before exceptional costs and amortisation of acquired intangibles	25.0	2.1	(1.9)	(2.6)	22.6
Amortisation of acquired intangibles	(2.6)	—	—	—	(2.6)
Exceptional costs	(6.5)	—	(0.2)	—	(6.7)
Operating profit	15.9	2.1	(2.1)	(2.6)	13.3
Net finance costs					(6.2)
Profit before taxation					7.1
Taxation					(2.0)
Profit for the period from continuing operations					5.1

Following a review of operating segments, the Group has amended the definition of its e-Gaming segment to be those activities which the Group outsources software and supply to a third party. The principal impact of this is to move those revenues and costs associated with the Group's own online products, namely those generated from footballpools.com (previously Game On) from the e-Gaming segment to a new segment, Football Gaming – Online. In addition to this change the Group has also chosen to show Corporate costs as a separate segment. These costs were previously shown within Football Gaming – Retail. There is no overall impact on the gross win revenue or profits of the Group but the impact of this on segmental information from previously reported numbers is as follows:

	Six months ended 30 June 2008 (Unaudited)				
	Football Gaming – Retail £m	e-Gaming £m	Football Gaming – Online £m	Corporate costs £m	Group £m
Continuing operations					
Gross win revenue – as previously reported	30.3	6.3	—	—	36.6
Gross win revenue – amended	30.1	6.3	0.2	—	36.6
Segment result before exceptional costs and amortisation of acquired intangibles – as previously reported	9.4	1.4	—	—	10.8
Segment result before exceptional costs and amortisation of acquired intangibles – amended	11.3	1.4	(0.6)	(1.3)	10.8

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5. EXCEPTIONAL COSTS

All exceptional costs for continuing operations are included within administrative costs within the Consolidated Income Statement.

	Six months ended 30 June 2009 (Unaudited) £m	Six months ended 30 June 2008 (Unaudited) £m	Year ended 31 December 2008 (Audited) £m
Continuing operations			
Football Gaming – Retail	(0.2)	(1.4)	(6.5)
Football Gaming – Online	(0.2)	—	(0.2)
Total exceptional costs	(0.4)	(1.4)	(6.7)

Exceptional costs in the period relate to redundancy costs, ongoing seeding costs in respect of new games, in addition to costs associated with the ongoing business modernisation and other exceptional costs. Exceptional costs in the prior period of £1.4m relate to redundancy costs in respect of the continuing rationalisation of the business following the acquisition of Vernons in December 2007, initial seeding costs in respect of new games and costs associated with the re-branding and re-launch of the Football Gaming business.

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6. FINANCE (COSTS)/INCOME

	Six months ended 30 June 2009 (Unaudited) £m	Six months ended 30 June 2008 (Unaudited) £m	Year ended 31 December 2008 (Audited) £m
Interest payable on bank loans and overdrafts	(2.5)	(3.4)	(6.5)
Interest receivable on cash at bank	—	0.4	0.7
Non-cash finance charges*	(0.1)	(0.2)	(0.4)
Net finance costs	(2.6)	(3.2)	(6.2)

* Non-cash finance charges are in respect of the deferred consideration payable on the acquisition of Vernons.

7. TAXATION

Taxation is provided based on management's best estimate of the weighted average annual taxation rate expected for the full year. The estimated average annual tax rate used for the year ending 31 December 2009 is 28.0% (2008: 28.5%).

NOTES TO THE INTERIM FINANCIAL INFORMATION CONTINUED

FOR THE SIX MONTHS ENDED 30 JUNE 2009

8. EARNINGS PER SHARE

The calculation of continuing earnings per share is based on the continuing net profit attributable to ordinary shareholders of £3.7m (six months ended 30 June 2008: £3.5m; year ended 31 December 2008: £5.1m) divided by the weighted average number of shares in issue during the period of 100.7m (six months ended 30 June 2008: 100.7m; year ended 31 December 2008: 100.7m). There is no difference between basic and diluted earnings per share.

The calculation of adjusted earnings per share is based on the adjusted profit after taxation attributable to ordinary shareholders of £5.0m (six months ended 30 June 2008: £5.6m; year ended 31 December 2008: £12.0m) divided by the weighted average number of shares in issue during the period of 100.7m (six months ended 30 June 2008: 100.7m; year ended 31 December 2008: 100.7m). There is no difference between basic and diluted earnings per share. Adjusted profit after taxation is defined as profit before taxation, amortisation of acquired intangibles, exceptional costs and other non-cash finance charges, less taxation based on management's best estimate of the weighted average annual taxation rate for the year.

9. CAPITAL EXPENDITURE

	Property, plant and equipment and other intangible assets		
	Six months ended 30 June 2009 (Unaudited) £m	Six months ended 30 June 2008 (Unaudited) £m	Year ended 31 December 2008 (Audited) £m
Opening net book amount at start of period	39.4	38.2	38.2
Additions	1.7	1.8	4.7
Depreciation and amortisation	(2.0)	(1.8)	(3.5)
Closing net book amount at end of period	39.1	38.2	39.4

10. CASH

	As at 30 June 2009 (Unaudited) £m	As at 30 June 2008 (Unaudited) £m	As at 31 December 2008 (Audited) £m
Cash balances held on behalf of registered charities*	0.3	0.8	0.7
Other cash balances	2.0	2.7	2.8
	2.3	3.5	3.5

* Cash balances held on behalf of registered charities relate to the sale of charity scratchcards and lotto products. Customer cash balances are amounts held in Trust on behalf of customers in respect of certain e-Gaming activities. These balances are also excluded when calculating the net debt of the Group.

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11. FINANCIAL LIABILITIES

	As at 30 June 2009 (Unaudited) £m	As at 30 June 2008 (Unaudited) £m	As at 31 December 2008 (Audited) £m
Current			
Bank loans due within one year	7.5	6.5	7.0
Deferred consideration due within one year	2.9	2.9	2.8
	10.4	9.4	9.8
Non-current			
Bank loans due after one year	75.0	79.5	79.0
Deferred consideration due after one year	—	2.8	—
	75.0	82.3	79.0

Bank loans bear interest based on LIBOR plus bank margins ranging from 1.375% to 3%.

Bank borrowings are secured by a composite debenture incorporating fixed and floating charges over all assets and undertakings from Sportech PLC and all trading UK companies but excluding monies standing to the credit of trust accounts and by share pledges over the shares in Littlewoods Poker Limited, Littlewoods Casino Limited and LWL Management NV.

The carrying amounts of current borrowings equals their fair value.

Deferred consideration due within one year is payable on the second anniversary of the acquisition of Vernons.

12. CASH FLOW FROM OPERATING ACTIVITIES**RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	Six months ended 30 June 2009 (Unaudited) £m	Six months ended 30 June 2008 (Unaudited) £m	Year ended 31 December 2008 (Audited) £m
Continuing operations			
Net profit	3.7	3.5	5.1
Adjustments for:			
Taxation	1.4	1.4	2.0
Depreciation	0.3	0.4	0.6
Amortisation of other intangibles	0.4	0.1	0.3
Amortisation of acquired intangibles	1.3	1.3	2.6
Net interest expense	2.5	3.2	5.8
Non-cash interest	0.1	—	0.4
Share option charge	0.1	0.2	0.3
Changes in working capital:			
(Increase)/decrease in trade and other receivables	(0.8)	(1.1)	0.3
(Decrease)/increase in trade and other payables	(1.9)	(0.2)	1.1
Cash generated from continuing operations	7.1	8.8	18.5



NOTES TO THE INTERIM FINANCIAL INFORMATION CONTINUED

FOR THE SIX MONTHS ENDED 30 JUNE 2009

13. RELATED PARTY TRANSACTIONS

The extent of transactions with related parties of Sportech PLC and the nature of the relationship with them during the period are summarised below:

- a. The Bank of Scotland provided loan finance for the initial acquisition of Littlewoods Gaming (formerly Littlewoods Leisure) and the acquisition of Vernons, and is a significant shareholder as a subsidiary of Lloyds Banking Group.

The details of the balances on the loans as at 30 June 2009, 30 June 2008 and 31 December 2008 are set out in note 11. Interest on these loans amounting to £1.8m (six months ended 30 June 2008: £3.4m; year ended 31 December 2008: £6.5m) has been charged in the period.

During the previous financial year the Group entered into various interest rate swaps. Interest payable in relation to these swaps amounted to £0.7m (six months ended 30 June 2008: interest receivable of £0.2m; year ended 31 December 2008: interest receivable of £0.5m) and this has been included within finance costs (six months ended 30 June 2008 and year ended 31 December 2008: this has been included within finance income).

- b. The Group receives public relations services and brand and marketing consultancy services from subsidiaries of Chime Communications PLC in which the Group's Non-executive Chairman is also a Director. £0.3m (six months ended: 30 June 2008: £0.6m; year ended 31 December 2008: £2.9m) has been charged in these financial statements in respect of these services.

- c. Key management compensation is shown below:

	Six months ended 30 June 2009 (Unaudited) £m	Six months ended 30 June 2008 (Unaudited) £m	Year ended 31 December 2008 (Audited) £m
Salaries and other short term employee benefits	0.6	0.6	1.4
Termination benefits	—	0.1	0.1
Post-employment benefits	—	0.1	0.1
Share-based payments	0.1	0.2	0.3
	0.7	1.0	1.9

STATEMENT OF DIRECTORS' RESPONSIBILITIES

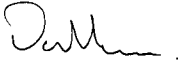
The Directors confirm that this condensed consolidated interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related party transactions described in the last annual report and accounts.

The Directors of Sportech PLC are listed in the Sportech PLC Annual Report and Accounts for the year ended 31 December 2008 and there have been no changes in the period. A list of current Directors is maintained on the Sportech PLC website: www.sportechplc.com.

By order of the Board

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IAN R PENROSE
CHIEF EXECUTIVE
4 August 2009



STEVE CUNLIFFE
FINANCE DIRECTOR
4 August 2009

WINNING PRODUCTS

FOOTBALL GAMING

- For 86 years, we have consistently delivered quality and valued products to customers and have paid billions of pounds in prizes to millions of winning customers.
- 2008 saw the launch of The New Football Pools, building on our unique heritage and integrity by introducing a suite of engaging football games delivered through modern, accessible and easy to play methods.

E-GAMING

- Brought to market by the trusted name in gaming, we offer an expanding range of associated gaming products for our customers' enjoyment.

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HOW TO PLAY TO PLAY FOOTBALL POOLS AND FOOTBALL GAMES

- 0800 500 000 (The New Football Pools)
- 0800 369 369 (The New Football Pools)
- 0800 132 319 (Zettlers)
- www.footballpools.com
- www.vernons.com
- Play throughout the Ladbrokes betting shop estate
- Visit local newsagents, convenience stores and Paypoint agents
- UK network of collectors visit customers at home

HOW TO PLAY TO PLAY ONLINE CASINO

- www.LittlewoodsCasino.com

TO PLAY ONLINE POKER

- www.LittlewoodsPoker.com

TO PLAY ONLINE BINGO

- www.LittlewoodsBingo.com
- www.GameOnBingo.com

TO PLAY INSTANT WIN GAMES

- www.vernons.com
- www.GameOnQuickplay.com

ADVISERS

REGISTERED OFFICE

SPORTECH PLC

249 West George Street
Glasgow
Scotland G2 4RB

COMPANY REGISTRATION NUMBER

SC69140

COMPANY SECRETARY

STEVE CUNLIFFE

HEAD OFFICE

SPORTECH PLC

101 Wigmore Street
London W1U 1QU

OPERATIONAL CENTRE

SPORTECH PLC

Walton House
Charnock Road
Liverpool L67 1AA

FINANCIAL ADVISERS

INVESTEC

2 Gresham Street
London EC2V 7QP

STOCKBROKER

INVESTEC

2 Gresham Street
London EC2V 7QP

PRINCIPAL BANKERS

BANK OF SCOTLAND

New Uberior House
11 Earl Grey Street
Edinburgh
Scotland EH3 9BN

SOLICITORS

OLSWANG

90 High Holborn
London WC1V 6XX

REGISTERED AUDITORS

PRICEWATERHOUSECOOPERS LLP

8 Princes Parade
St Nicholas Place
Liverpool L3 1QJ

REGISTRARS

CAPITA REGISTRARS

The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

