

webisholdings^{plc}



Pool
Games
Wagering
Sports
Live Casino
Tennis
Racing
Football
In Play
Poker
betinternet
California
Harness
watch and wager
Betball
Basketball
CALEXPO
Betinternet
Harness



Contents

Our Performance

- 02** Group at a Glance
- 03** Operating Highlights
- 04** Chairman's Statement

Our Governance

- 06** The Board of Directors
- 07** Directors' Report
- 09** Corporate Governance
- 11** Statement of Directors' Responsibilities
- 12** Report of the Remuneration Committee

Our Financials

- 14** Report of the Independent Auditors
- 15** Consolidated Statement of Comprehensive Income
- 16** Consolidated Statement of Financial Position
- 17** Consolidated Statement of Changes in Equity
- 18** Consolidated Statement of Cash Flows
- 19** Notes to the Financial Statements
- 35** Notice of Meeting

Group at a Glance

Webis Holdings plc operates two businesses within its Group structure:

Sportsbook

betinternet.com

m.betinternet.com (mobile)

betinternet.com (IOM) Limited

betinternet.com NV

Now in its 13th year of operation, the betinternet.com sportsbook offers betting opportunities on sports, casinos, poker and games to a growing global customer base through both its website and mobile platforms. The website has a traditional focus on the Far East market, where the brand has an established and loyal following. In Play, where customers place bets on sports events in real time, accounts for a substantial part of the sportsbook's turnover and margin and is providing for the greatest area of growth. Also on offer are a 'Live Dealer' and traditional casino product with table games and slots as well as an increasing suite of fixed-odds games. Poker was launched earlier this year, providing access to the liquidity of the MPN Poker network. The company operates under licences issued in the Isle of Man and Curacao.

Pari-Mutuel and Racetrack Operations

watchandwager.com

link2bet.com

Cal Expo Harness Racetrack

WatchandWager.com Limited (formerly known as European Wagering Services Limited)

WatchandWager.com LLC

WatchandWager.com Ltd has been operating for over 12 years and provides pari-mutuel, or pool-betting, wagering services through a number of distribution channels to a global client base. The company holds a United States pari-mutuel licence for Advanced Deposit Wagering, issued by the North Dakota Racing Commission and has its operational base in San Francisco, California, where it has a growing operations team. The business provides wagering opportunities predominantly on horse and greyhound racing in the United States, Canada, United Kingdom, Ireland, Australia and Sweden amongst others. It provides wagering facilities to customers through its website, watchandwager.com, as well as offering a business-to-business wagering product and an Isle of Man based telephone betting call centre.

WatchandWager.com LLC operates Cal Expo Harness Racetrack in Sacramento, California, under a licence issued by the California Horse Racing Board. This 'bricks and mortar' presence in the largest state economy in the US, where legislative changes for online gaming are currently being debated, provides significant leverage for our related global pari-mutuel operations.

As part of the requirements for Webis Holdings plc's Isle of Man licence, client funds for all Isle of Man licensed group companies are held in fully protected client accounts within an Isle of Man regulated bank.

Operating Highlights

- Turnover has increased by 48.3% to £168.64 million (2012: £113.75 million)
- Gross profit has increased by 70.9% to £5.44 million (2012: £3.18 million)
- Total comprehensive profit has increased to £0.355 million (2012: loss of £0.041 million)
- Basic earnings per share have increased to 0.11 pence (2012: negative 0.02 pence)
- Gross margin has improved by 14.3% to 3.2% (2012: 2.8%)
- Net assets have increased by 424.2% to £3.11 million (2012: £0.59 million)
- Company Cash has increased by 131.1% to £2.48 million (2012: £1.07 million)
- Successful fundraising generated £0.8 million
- Successful first season at Cal Expo, California beating internal forecasts



Chairman's Statement

Introduction

I am very pleased to report the results for the financial year to the end of May 2013. The Group has achieved a full year Total Comprehensive Profit: the first since 2009. We have consistently achieved good advances within both of our gaming subsidiaries: WatchandWager.com Limited (WatchandWager) and betinternet.com (IOM) Limited (betinternet). This follows our continued enhancement of customer-facing website content and the recruitment of more experienced industry personnel.

We have also successfully completed our first full harness racing season at the Cal Expo racetrack in Sacramento, California. Our investment in this activity is extremely important for the furtherance of our United States strategy, especially given the current momentum for state-by-state changes to gaming legislation.

Year End Results Review

Group turnover for the period was £168.64 million (2012: £113.75 million), up by 48.3%. Gross profit increased to £5.44 million (2012: £3.18 million), up by 70.9%. Importantly, overall gross margin increased to 3.2% (2012: 2.8%).

Operating expenses increased to £5.072 million (2012: £3.19 million), up by 59.1%. The majority of the increase in expenses was attributable to the licence acquisition and continuing operational costs for Cal Expo, which totalled £1.54 million (2012: £Nil).

As a consequence, Total Comprehensive Profit improved to £0.355 million (2012: loss of £0.041 million), our first positive outcome since 2009.

Shareholder equity has increased to £3.114 million (2012: £0.594 million). Following a successful fund raising of £0.8 million in January 2013, total Cash stands at £5.114 million (2012: £2.683 million), up 90.6%, including a ring-fenced amount of £2.64 million (2012: £1.61 million) to protect the

player liability as required by Isle of Man gambling legislation.

Our Pari-mutuel turnover increased to £33.78 million (2012: £30.66 million), with Profit before tax at £0.11 million (2012: £0.17 million). Racetrack Operations generated turnover of £37.90 million (2012: £Nil), with Loss before tax at £0.001 million (2012: £Nil).

Our Sportsbook turnover increased to £96.96 million (2012: £83.09 million), with Profit before tax at £0.25 million (2012: loss of £0.21 million).

WatchandWager.com

WatchandWager (formerly European Wagering Services), our tote betting and racetrack operation overall performed well, despite some challenging trading conditions. As previously reported, we suffered card payment provider issues in the second quarter of the year, which impacted on player numbers. These issues have largely been resolved with the introduction of different payment methods and player numbers at the end of the financial year have been restored to previous levels across the platform. We saw a gradual improvement in performance of our wagering platform in the second half of the year, and this was assisted by a generally strong performance by Cal Expo harness racing during that period.

In the last quarter, we launched our new watchandwager.com website and we have commenced the process of migrating our US resident customers to this website from link2bet.com. We expect that the majority of our player base will be utilising our new website as their preferred choice for wagering within the first half of the new financial year.

Our first season of harness racing at Cal Expo finished in May 2013 and it has proven to be an exciting period, with our 'bricks and mortar' presence providing us with some strong leverage, and greater recognition, throughout the US industry. This has assisted us in obtaining more racing content for international

customers from the Churchill Downs and Monarch simulcast and media controlled racetracks and we are now able to accept wagers at some of the most prestigious race meetings in the US. We have also been granted access to the French PMU and the Swedish ATG betting pools, with the latter proving particularly popular with our client base.

Cal Expo broke-even within the financial year, which was ahead of our expectations, originally to be at the completion of the first full contractual year in September 2013. We amended the racing program during the season to support our overall plan of fewer race dates with larger field sizes, backed by good TV exposure, which proved successful. Like-for-like turnover, from all sources, wagering on Cal Expo harness racing was up by 26% on the previous year, by the end of the season. Importantly, we continue to receive income from Cal Expo during the close season through a share of the activity at the other Californian racetracks.

betinternet.com

Our betinternet sportsbook has seen a marked change in its performance and profitability over the course of the year, particularly in the second half, where turnover and margin levels have increased significantly. Our sportsbook fixed-odds margin increased by 1.03% to 3.75%; well ahead of our expectations. betinternet increased expenditure on 'In Play' products, data and pricing feeds, particularly for Tennis, Basketball and Golf. This, together with a number of favourable sports results, has been responsible for the majority of this success.

For the full year, turnover on our 'In Play' content increased to 57% (2012: 43%) of our total fixed odds turnover on single bets, with this percentage reaching over 80% during some individual weeks towards the end of the period. This highlights the importance of the work that our in-house development team have undertaken on our 'In Play' product. We remain committed to further investing

in this part of our business and have entered into long-term contracts with established data and pricing providers to assist with continued growth in this area.

Casino and games turnover also increased although the margin achieved was lower than expected due to some previously reported large wins. Full-year Live Dealer Casino activity was impacted as this product was unavailable for a six-week period in the early part of the second half whilst we sourced a new provider following the closure of our previous supplier without any notice. We have also increased our Customer Relationship Management (CRM) to help get the best return from our marketing expenditure, aimed particularly at casino and games customers who are more reactive to marketing offers than sports betting customers, who are generally event driven.

Our mobile sportsbook has seen growth throughout the year and we plan to focus on enhancements to our mobile offering for all channels in the forthcoming year.

Regulatory developments

The board remains aware of proposed regulatory changes within some of the jurisdictions where we currently accept customers. We are seeking informed updates on any changes to gaming legislation and the board will make decisions on a case-by-case basis as to where we choose to operate or seek suitable licences, centred on an opportunity versus cost basis. It is likely that we will see increases in licencing fees and betting taxes in forthcoming years, but the online gaming industry has proved strongly resilient to the multiple challenges that it has encountered since its inception. We will update shareholders as appropriate on any developments in this area.

Post Year and Strategy

The board remains committed to further investing in both operations to build on the achievements that we have seen in the period. As previously announced WatchandWager was approved for an

Advanced Deposit Wagering (ADW) licence by the California Horse Racing Board (CHRB) on 19th July. This licence is now operational and allows us to take wagers from, and market to, Californian residents on content for which we have the Horsemen's agreement. We are currently working with the key industry participants to secure these agreements, and it is anticipated that holding this licence, together with our existing licence to operate harness racing at Cal Expo, will put us in a better strategic position for any further changes to gaming legislation within the state of California.

Our CHRB licence to operate harness racing at Cal Expo was formally approved in August 2013, in advance of planned live racing from October 2013 to May 2014. Both our California Horse Racing and ADW licences for 2014 remain subject to formal approval by the CHRB before the end of 2013, but we expect both licences to be approved. In addition, we anticipate the North Dakota Racing Commission to approve our multi-jurisdiction ADW Service Provider licence for 2014, in November 2013.

We plan to invest in marketing our new watchandwager.com website directly within those US states where it is currently legal to do so. Our anticipation is that our wide variety of racing content, coupled with an intuitive betting interface will be an attractive proposition for the recruitment of higher-margin 'leisure' players. To help implement our US strategy, we have recruited two new senior employees for the roles of Vice President US Operations and Vice President US Finance & Compliance, who have joined our existing team in our San Francisco office.

We added Quickfire Poker to betinternet in June, available via a specific channel tab from anywhere within the website. Our customers will now have access to the strong liquidity of the MPN (formerly Microgaming Poker Network) using their single sportsbook wallet.

The update of the 'look-and-feel' of the betinternet website was completed slightly later than planned in August. The new website presents more of our 'In Play' content to our customers and allows for a dynamic resizing based on the users' screen resolution.

We have also added further In Play content with the roll-out of Volleyball, Handball, American Football and Baseball. We will continue to increase our In Play offering so that there is live content available for our clients to bet on for most of each day.

Outlook

The Board is pleased with our achievements thus far, and remains enthused by the opportunities that lie ahead. Both of our operating subsidiaries are now in much healthier positions, with more robust platforms and focused experienced personnel. With a strong balance sheet and the opportunity to invest further in our products, we anticipate the continuation of our growth strategies will be more rewarding in the forthcoming year. We remain very close to the US regulatory changes and are confident that our online licencing and land-based presence at Cal Expo positions us well for any positive amendments to legislation, particularly within California.

Finally, I would like offer my thanks to all of our shareholders for their continued support and to all of our staff in the Isle of Man and the United States for their efforts and dedication throughout the year.



Denham Eke
Chairman
25 October 2013

The Board of Directors

D H N Eke, aged 61

Non-executive Chairman

Denham Eke began his career in Stockbroking before moving into Corporate Planning for a major UK Insurance Broker. He is a director of many years' standing of both public and private companies involved in the retail, manufacturing and financial services sectors.

Mr Eke was appointed Chairman in April 2003.

E Comins, aged 43

Pari-mutuel Operations Director

Ed Comins has 21 years' experience in the betting and gaming industry with Coral, Ladbroke Casinos, the Tote and GameAccount. At the Tote he had overall responsibility for developing Totepool's pari-mutuel business as General Manager of Tote Direct and Development Director for Totepool. He was Commercial Director for GameAccount, a provider of on-line skill games, where he managed betting partner relationships with key sportsbooks.

Mr Comins joined the Board in May 2010.

G Knowles, aged 46

Managing Director

Garry Knowles has 24 years' experience in the gaming industry having worked for the William Hill Organisation for 15 years. Garry later held the position of Director of Customer Relations for MGM Mirage Online before joining betinternet as Head of Trading Operations in November 2003.

Mr Knowles joined the Board in June 2005.

Sir James Mellon, aged 84

Non-executive Director

Sir James Mellon is a former diplomat who began his career with the Department of Agriculture for Scotland before moving onto several varied roles including Head of Trade Relations and Export Dept (TRED), FCO, UK Ambassador to Denmark and Director-General for Trade and Investment, United States and Consul-General, New York. He has many years of corporate experience having been a director of both public and private companies.

Sir James Mellon joined the Board in January 2012.

Directors' Report

The directors present their annual report and the audited financial statements for the period ended 31 May 2013.

Principal activities

The Group operates:

- a licensed sportsbook providing a worldwide internet service;
- a pari-mutuel service to individual and business customers;
- a racetrack under a licence issued in California, USA.

Business review

The Group operates on a worldwide basis and provides online and offline facilities in respect of a wide variety of sporting events.

A more detailed review of the business, its results and future developments is given in the Chairman's Statement on page 4.

Proposed dividend

The directors do not propose the payment of a dividend (2012: Nil).

Policy and practice on payment of creditors

It is the policy of the Group to agree appropriate terms and conditions for its transactions with suppliers by means of standard written terms to individually negotiated contracts. The Group seeks to ensure that payments are always made in accordance with these terms and conditions.

At the year end there were 22 days (2012: 18 days) purchases in trade creditors.

Financial risks

Details relating to financial risk management are shown in note 23 to the financial statements.

Directors and directors' interests

The directors who held office during the period and to date were as follows:

D H N Eke	Chairman
G Knowles	Managing Director
E Comins	Pari-mutuel Operations Director
Sir James Mellon	Non-executive

The director retiring by rotation is Mr D H N Eke who, being eligible, offers himself for re-election.

The directors who held office at the end of the period had the following interests in the ordinary shares of the Company and options to purchase such shares arising from incentive schemes:

Directors' interests

	Ordinary Shares		Options	
	Interest at end of period 2013	Interest at start of period 2012	Interest at end of period 2013	Interest at start of period 2012
D H N Eke	—	—	—	—
G Knowles	200,000	200,000	14,000,000	14,000,000
E Comins	—	—	—	—
Sir James Mellon	—	—	—	—

D H N Eke is Managing Director of Burnbrae Limited which holds 268,204,442 ordinary shares representing 68.19% of the issued capital of the Company.

Further details of the options issued to the executive directors are contained in the Report of the Remuneration Committee on pages 12 and 13.

Directors' Report continued

Substantial interests

On 30 September 2013 the following interests in 3% or more of the Company's ordinary share capital had been reported:

	%	Number of ordinary shares
Burnbrae Limited	68.19	268,204,442
BBHISL Nominees Ltd	7.54	29,651,666

Annual General Meeting

Shareholders will be asked to approve at the Annual General Meeting certain resolutions as special business. Some of these resolutions have become routine business at the Annual General Meetings of most public companies, including your Company, and relate to the renewal of the authority for the directors to allot relevant securities and the renewal of the powers for the directors to allot equity securities for cash.

Employees

The Group is committed to a policy of equal opportunity in matters relating to employment, training and career development of employees and is opposed to any form of less favourable treatment afforded on the grounds of disability, sex, race or religion.

The Group recognises the importance of ensuring employees are kept informed of the Group's performance, activities and future plans.

Political and charitable contributions

The Group made no political contributions during the year.

As part of the obligations of the pari-mutuel business in the United States, the Group made charitable contributions of £13,104 during the year (2012: £Nil).

Auditor

KPMG Audit LLC, being eligible, have expressed their willingness to continue in office in accordance with Section 12(2) of the Isle of Man Companies Act 1982.

On behalf of the Board

Garry Knowles

25 October 2013

Corporate Governance

The Company is committed to high standards of corporate governance. The Board is accountable to the Company's shareholders for good corporate governance.

This statement describes how the principles of corporate governance are applied to the Company.

1. Directors

The Company is controlled through the Board of directors which comprises two executive and two non-executive directors.

The Chairman is mainly responsible for the conduct of the Board, and he, together with the Managing Director, seeks to ensure that all directors receive sufficient relevant information on financial, business and corporate issues prior to meetings.

The Managing Director, in conjunction with his executive colleagues, is responsible for co-ordinating the Company's business and implementing strategy.

None of the non-executive directors are deemed to be independent, although the Board intends to appoint at least one independent director at an appropriate time.

Shareholders are encouraged to contact the Chairman should they require clarification on any aspect of the Company's business.

All directors are able to take independent professional advice in furtherance of their duties if necessary.

The Board has a formal schedule of matters reserved for it and meets at regular times throughout the year. It is responsible for overall Group strategy, acquisition and divestment policy, approval of major capital expenditure projects and consideration of significant financing matters. It monitors the exposure to key business risks including legislative, jurisdictional and major liability management issues. The Board approves the annual budget and the progress towards achievement of the budget. The Board also considers employee issues and key appointments.

It also seeks to ensure that all directors receive appropriate training on appointment and then subsequently as appropriate. All directors will submit themselves for re-election at least once every three years.

The Board has established two standing committees, both of which operate within defined terms of reference.

The committees established are the Audit Committee and the Remuneration Committee. The Board does not consider it necessary for a company of its size to establish a standing Nominations Committee. Instead the Board's policy in relation to Board appointments is for the Chairman to agree selection criteria with all Board members and use independent recruitment consultants to initiate the search for candidates. The final decision on appointments rests with the full Board.

2. Directors' Remuneration

The Report of the Remuneration Committee is set out on pages 12 and 13 of the report and financial statements.

3. Relations with Shareholders

The Company encourages two-way communication with both its institutional and private investors and attempts to respond quickly to all queries received verbally or in writing.

The Board has sought to use the Annual General Meeting to communicate with private investors and encourages their participation.

4. Financial Reporting

The performance and financial position of the Group are provided in the Chairman's Statement on pages 4 and 5 and the Directors' Report on pages 7 and 8. These enable the Board to present a balanced and understandable assessment of the Group's position and prospects. The directors' responsibilities for the financial statements are described on page 11.

Internal Control

The Board believes it has controls in place which have established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. In this regard, the Board seeks to work closely with the Group's auditor.

The Board also acknowledges that it has overall responsibility for reviewing the effectiveness of internal control. It believes that senior management within the Group's operating businesses should also contribute in a substantial way and this has been built into the process.

Corporate Governance continued

There are inherent limitations in any system of internal control and, accordingly, even the most effective system can provide only reasonable, and not absolute, assurance with respect to the preparation of financial information and the safeguarding of assets. The system adopted by the Board manages rather than eliminates the risk of failure to achieve business objectives.

In carrying out its review of the effectiveness of internal control in the Group the Board takes into consideration the following key features of the risk management process and system of internal control:

- Risks are identified which are relevant to the Group as a whole and encompass all aspects of risk including operational, compliance, financial and strategic. The Board specifically focuses on any risk to the Group from regulatory changes within the jurisdictions from which it currently accepts customers.
- The Board seeks to identify, monitor and control the significant risks to an acceptable level throughout the Group. In order to do so the Audit Committee, acting on behalf of the Board, reviews risk matters at each meeting of the Audit Committee.
- The Group operates a comprehensive budgeting and financial reporting system which, as a matter of routine, compares actual results with budgets. Management accounts are prepared for each operating activity and the Group on a monthly basis. Material variances from budget are thoroughly investigated. In addition, the Group's profitability forecast is regularly updated based on actual performance as the year progresses. A thorough reforecast exercise is undertaken following production of the half-year financial statements.

- Cash flow forecasts are regularly prepared to ensure that the Group has adequate funds and resources for the foreseeable future.
- Risks are identified and appraised through the annual process of preparing these budgets.
- Steps have been taken to embed internal control and risk management into the operations of the business and to deal with areas of improvement which come to management's and the Board's attention. This process is continuing to increase risk awareness throughout the Group.

Audit Committee

The Audit Committee comprises the non-executive directors and is chaired by Sir James Mellon. The committee acts in an advisory capacity to the Board and meets not less than twice a year. Its terms of reference require it to take an independent view of the appropriateness of the Group's accounting controls, policies and procedures. The committee also reviews and approves the reports, appointment and fees of the external auditor, and meets its external auditor at least once a year. Additional meetings may be requested by the auditor.

Going Concern

As more fully explained in note 1.1 to the accounts on page 19, and after making enquiries, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

Internal Audit

The directors have reviewed the need for an internal audit function and believe that the Group is not of sufficient size and complexity to require such a function.

Statement of Directors' Responsibilities in Respect of the Directors' Report and the Financial Statements

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

Company law requires the directors to prepare Group and Parent Company financial statements for each financial year which meet the requirements of Isle of Man company law. In addition, the directors have elected to prepare the Group and Parent Company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.

The Group and Parent Company financial statements are required by law to give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with International Financial Reporting Standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Parent Company and to enable them to ensure that its financial statements comply with the Companies Acts 1931 to 2004. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation governing the preparation and dissemination of financial statements may differ from one jurisdiction to another.

Report of the Remuneration Committee

Introduction

As an Isle of Man company there is no requirement to produce a Directors' remuneration report. However, this report has been prepared to accord as far as possible with rules and regulations for UK public companies in relation to the disclosure of directors' remuneration. This report also attempts to meet, as far as is practicable for a company of Webis Holdings' size, the relevant requirements of the Listing Rules of the UK Financial Services Authority and describes how the Board has applied the Principles of Good Governance relating to directors' remuneration. As required by the Regulations, a resolution to approve the report will be proposed at the Annual General Meeting of the Company at which the financial statements will be approved.

Remuneration Committee

The Company has an established Remuneration Committee which has a formal constitution and is composed of the non-executive directors of the Company under the Chairmanship of Sir James Mellon.

No director plays a part in any discussion about his own remuneration.

Remuneration Policy

The Remuneration Committee's policy is to ensure that the remuneration packages offered are competitive and designed to attract, retain and motivate executive directors of the right calibre.

The major elements of the remuneration package for the executive directors are:

- Basic annual salary and benefits.
- Eligibility to participate in an annual bonus scheme, when such scheme operates.
- Share option incentives.
- Contribution to a pension plan.

The Committee seeks to ensure that bonus and share option incentives have a strong link with individual performance.

Basic Salary

The level of basic annual salary and benefits is determined by the Committee, taking into account the performance of the individual and information from independent sources on the rates of salary for similar jobs in comparable companies.

Annual Bonus Payments

It is anticipated that an annual bonus scheme will operate when Group profitability and cash flow allow. Bonuses for the executive directors are calculated with reference to the profit before tax as disclosed in the audited accounts of the Group, together with an assessment by the Committee of the director's performance against agreed personal targets. Bonus payments are not pensionable.

Share Options

The Committee believes that share ownership by executives strengthens the link between their personal interests and those of shareholders. The Company currently operates one share option scheme, being the 2005 Share Option Plan. Options are granted to executives periodically at the discretion of the Remuneration Committee. The grant of share options is not subject to fixed performance criteria. This is deemed to be appropriate as it allows the Committee to consider the performance of the Group and the contribution of the individual executives and, as with annual bonus payments, illustrates the relative importance placed on performance related remuneration.

Pensions

The Group does not intend to contribute to the personal pension plans of directors in the forthcoming period.

Service Contracts

During the period under review, the service contracts of Mr G R Knowles and Mr E Comins provided for a notice period of six months.

Aggregate Directors' Remuneration

The total amounts for directors' remuneration were as follows:

	2013	2012
	£000	£000
Emoluments — salaries, bonuses and taxable benefits	257	323
— fees	38	38
	295	361

Directors' Emoluments

	Basic salary £000	Fees £000	Bonus £000	Termination payments £000	Benefits £000	2013 Total £000	2012 Total £000
Executive							
G R Knowles	125	—	—	—	1	126	126
E Comins	126	—	—	—	5	131	107
D Waddington	—	—	—	—	—	—	90
Non-executive							
D H N Eke*	—	23	—	—	—	23	24
J Mellon	—	—	—	—	—	—	8
Sir James Mellon	—	15	—	—	—	15	6
Aggregate emoluments	251	38	—	—	6	295	361

* Paid to Burnbrae Limited.

Details of the options outstanding at 31 May 2013 are as follows:

Name of director	27 May 2012	(Lapsed)/ granted in period	31 May 2013	Exercise price	Date from which exercisable	Expiry date
G R Knowles						
(a) 2005 Share Option Plan	1,500,000	—	1,500,000	10.4p	18 March 2008	18 March 2015
(b) 2005 Share Option Plan	9,000,000	—	9,000,000	5p	30 March 2009	30 March 2016
(c) 2005 Share Option Plan	3,500,000	—	3,500,000	6.0565p	20 Sept 2009	20 Sept 2016
	14,000,000	—	14,000,000			

The market price of the shares at 31 May 2013 was 3.375p. The range during the period was 4.75p to 0.875p.

Approval

The report was approved by the Board of directors and signed on behalf of the Board.



Denham Eke
Chairman
25 October 2013

Report of the Independent Auditors, KPMG Audit LLC, to the members of Webis Holdings plc

We have audited the financial statements of Webis Holdings plc for the period ended 31 May 2013 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated and Parent Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Section 15 of the Companies Act 1982. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 11, the directors are responsible for the preparation of financial statements that give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Parent Company's affairs as at 31 May 2013 and of the Group's profit for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been properly prepared in accordance with the provisions of Companies Acts 1931 to 2004.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Acts 1931 to 2004 require us to report to you if, in our opinion:

- proper books of account have not been kept by the Parent Company and proper returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company's statement of financial position and statement of comprehensive income are not in agreement with the books of account and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

KPMG Audit LLC

KPMG Audit LLC
Chartered Accountants
Heritage Court, 41 Athol Street
Douglas, Isle of Man, IM99 1HN
25 October 2013

Consolidated Statement of Comprehensive Income

For the period ended 31 May 2013

	Note	2013 £000	2012 £000
Turnover	2	168,642	113,751
Cost of sales		(163,091)	(110,531)
Betting duty paid		(115)	(40)
Gross profit		5,436	3,180
Personnel expenses		(1,114)	(1,137)
Technology costs		(431)	(334)
Other expenses		(1,861)	(1,528)
Racetrack operating costs	4	(1,536)	—
Depreciation and amortisation		(130)	(189)
Results from operating activities		364	(8)
Share-based payment expense	3	—	—
Total operating profit/(loss)	4	364	(8)
Net finance costs	5	(9)	(33)
Taxation	7	—	—
Total comprehensive profit/(loss) for the period attributable to owners		355	(41)
Basic earnings/(loss) per share (pence)	8	0.11	(0.02)
Diluted earnings/(loss) per share (pence)	8	0.11	(0.02)

The notes on pages 19 to 34 form part of these financial statements.

The directors believe that all results derive from continuous operations.

Consolidated Statement of Financial Position

As at 31 May 2013

		2013	2013	2012	2012
	Note	Group	Company	Group	Company
		£000	£000	£000	£000
Non-current assets					
Intangible Assets — goodwill	9	111	—	111	—
Intangible Assets — other	10	193	—	194	—
Property, equipment and motor vehicles	11	96	—	31	—
Investments	12	—	705	—	705
Bonds and deposits	13	135	—	—	—
Total non-current assets		535	705	336	705
Current assets					
Trade and other receivables	15	1,255	45	621	30
Cash and cash equivalents — company funds	14	2,475	913	1,071	83
Cash and cash equivalents — protected player funds	14	2,639	2,639	1,612	1,612
Total current assets		6,369	3,597	3,304	1,725
Current liabilities					
Trade and other payables	16	(3,765)	(1,942)	(3,046)	(2,235)
Bank loans	17	(15)	—	—	—
Total current liabilities		(3,780)	(1,942)	(3,046)	(2,235)
Non-current liabilities					
Bank loans	17	(10)	—	—	—
Total liabilities		(3,790)	(1,942)	(3,046)	(2,235)
Net assets		3,114	2,360	594	195
Equity					
Called up share capital	18	3,933	3,933	2,302	2,302
Share premium account		10,583	10,583	10,049	10,049
Share option reserve		116	116	116	116
Retained losses		(11,518)	(12,272)	(11,873)	(12,272)
Total equity		3,114	2,360	594	195

The financial statements were approved by the Board of directors on 25 October 2013



Denham Eke
Director



Garry Knowles
Director

The notes on pages 19 to 34 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the period ended 31 May 2013

Group	Called up share capital £000	Share premium £000	Share option reserve £000	Retained earnings £000	Total equity £000
Balance as at 29 May 2011	2,302	10,049	116	(11,832)	635
Loss for the period	—	—	—	(41)	(41)
Transactions with owners:					
Arising on shares issued in the year	—	—	—	—	—
Share-based payment expense	—	—	—	—	—
Balance as at 27 May 2012	2,302	10,049	116	(11,873)	594
Profit for the period	—	—	—	355	355
Transactions with owners:					
Arising on shares issued in the year	1,631	534	—	—	2,165
Share-based payment expense	—	—	—	—	—
Balance as at 31 May 2013	3,933	10,583	116	(11,518)	3,114

Company	Called up share capital £000	Share premium £000	Share option reserve £000	Retained earnings £000	Total equity £000
Balance as at 29 May 2011	2,302	10,049	116	(12,272)	195
Loss for the period	—	—	—	—	—
Transactions with owners					
Arising on shares issued in the year	—	—	—	—	—
Share-based payment expense	—	—	—	—	—
Balance as at 27 May 2012	2,302	10,049	116	(12,272)	195
Loss for the period	—	—	—	—	—
Transactions with owners:					
Arising on shares issued in the year	1,631	534	—	—	2,165
Share-based payment expense	—	—	—	—	—
Balance as at 31 May 2013	3,933	10,583	116	(12,272)	2,360

The notes on pages 19 to 34 form part of these financial statements.

Consolidated Statement of Cash Flows

For the period ended 31 May 2013

	2013	2012
	£000	£000
Net cash inflow from operating activities	1,634	1,396
Cash flows from investing activities		
Interest received	12	10
Purchase of intangible assets	(102)	(126)
Purchase of property, equipment and motor vehicles	(92)	(24)
Net cash outflow from investing activities	(182)	(140)
Cash flows from financing activities		
Interest paid	(21)	(43)
Loan financing received from Bank	25	—
Loan financing received from Burnbrae Ltd	175	—
Issue of equity shares	800	—
Net cash inflow/(outflow) from financing activities	979	(43)
Net increase in cash and cash equivalents	2,431	1,213
Cash and cash equivalents at beginning of period	2,683	1,470
Net cash and cash equivalents at end of period	5,114	2,683
Cash and cash equivalents comprise		
Cash and deposits	5,114	2,683
	5,114	2,683
Cash generated from operations		
Profit/(loss) from operations	364	(8)
Adjusted for:		
Depreciation and amortisation	130	190
Share-based payment expense	—	—
(Increase)/decrease in receivables	(769)	217
Increase in payables	1,909	997
Net cash inflow from operating activities	1,634	1,396

The notes on pages 19 to 34 form part of these financial statements.

Notes to the Financial Statements

For the period ended 31 May 2013

1 Reporting entity

Webis Holdings plc is a company domiciled in the Isle of Man. The address of the Company's registered office is Viking House, Nelson Street, Douglas, Isle of Man, IM1 2AH. The Group's consolidated financial statements as at and for the period ended 31 May 2013 consolidate those of the Company and its subsidiaries (together referred to as "the Group").

1.1 Basis of Preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and its interpretations as adopted by the European Union.

The Group has continued to apply the accounting policies used in the 27 May 2012 annual report.

New significant standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the period ended 31 May 2013, and have not been applied in preparing these consolidated financial statements:

New/Revised International Financial Reporting Standards (IAS/IFRS)

Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

Transition guidance: Amendments to IFRS 10, IFRS 11 and IFRS 12

Annual Improvements to IFRSs – 2009-2011 Cycle

IFRS 10 Consolidated Financial Statements

IFRS 11 Joint Arrangements

IFRS 12 Disclosure of Interests in Other Entities

IFRS 13 Fair Value Measurement

IAS 27 Separate Financial Statements (2011)

IAS 28 Investments in Associates and Joint Ventures (2011)

Defined Benefit Plans – Amendments to IAS 19

Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32

EU Effective Date (accounting periods commencing on or after)

Endorsed (5 June 2012).

Effective 1 July 2012.

Endorsed (4 April 2013).

Expected effective date 1 January 2014.

Endorsed (27 March 2013).

Effective 1 January 2013.

Endorsed (11 December 2012).

EU effective date 1 January 2014.

To be adopted as part of suite of standards (IFRSs 10 to 12).

Endorsed (11 December 2012).

EU effective date 1 January 2014.

To be adopted as part of suite of standards (IFRSs 10 to 12).

Endorsed (11 December 2012).

EU effective date 1 January 2014.

To be adopted as part of suite of standards (IFRSs 10 to 12).

Endorsed (11 December 2012).

EU effective 1 January 2013.

Endorsed (11 December 2012).

EU effective date 1 January 2014.

To be adopted as part of suite of standards (IFRSs 10 to 12).

Endorsed (11 December 2012).

EU effective date 1 January 2014.

To be adopted as part of suite of standards (IFRSs 10 to 12).

Endorsed (5 June 2012).

EU effective 1 January 2013.

Endorsed (13 December 2012).

EU effective 1 January 2013.

Not yet endorsed.

IASB effective date 1 January 2014.

Endorsed (13 December 2012).

Early adoption permitted to allow application of amendments at same time as first applying IFRS 10.

Notes to the Financial Statements *continued*

For the period ended 31 May 2013

1 Reporting entity *continued*

New/Revised International Financial Reporting Standards (IAS/IFRS)

Recoverable amount disclosures for non-financial assets –
Amendments to IAS 36
IFRS 9 Financial Instruments

EU Effective Date (accounting periods commencing on or after)

Not yet endorsed.
IASB effective date 1 January 2014.
Not yet endorsed.
IASB effective date 1 January 2015.

The directors do not expect the adoption of the other standards and interpretations to have a material impact on the Group's financial statements in the period of initial application.

(b) Basis of measurement and functional currency

The Group consolidated financial statements are presented in Pounds Sterling, rounded to the nearest thousand. They are prepared under the historical cost convention except where assets and liabilities are required to be stated at their fair value.

(c) Use of estimates and judgement

The preparation of the Group financial statements in conformity with IFRS as adopted by the EU requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although these estimates are based on management's best knowledge and experience of current events and expected economic conditions, actual results may differ from these estimates.

The directors believe the models and assumptions used to calculate the fair value of the share-based payments, outlined in note 18, are the most appropriate for the Group.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

Going concern

The directors have prepared projected cash flow information for the next 12 months and are satisfied that the Group has adequate resources to meet its obligations as they fall due. The directors consider that it is appropriate that these financial statements are prepared on the going concern basis as the Group is generating substantial positive cash flows, has a positive cash balance and minimal debt.

1.2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

Basis of consolidation

- (i) The consolidated financial statements incorporate the results of Webis Holdings plc and its subsidiaries. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue until the date that such control ceases. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
- (ii) Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements and income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

1 Reporting entity continued

Foreign currency translation

The Group's financial statements are presented in Pounds Sterling, which is the Company's functional and presentational currency. All subsidiaries of the Group have Pounds Sterling as their functional currency, except for WatchandWager.com LLC which operates in USD.

Foreign currency transactions are translated into the functional currency using the approximate exchange rate prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at the period end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Non-monetary assets and liabilities that are measured in terms of historical costs in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into the functional currency using the exchange rates ruling at the date fair value was determined.

Revenue recognition and turnover

Turnover represents the amounts staked in respect of bets placed by customers on events which occurred during the period. Cost of sales represents payouts to customers, together with Betting Duty payable and commissions and royalties payable to agents and suppliers of software. Open betting positions are carried at fair market value.

Segmental reporting

Segmental reporting is based on the business areas in accordance with the Group's internal reporting structure. The Group determines and presents segments based on the information that internally is provided to the Managing Director, the Group's chief operating decision maker. This change in accounting policy is due to the adoption of IFRS 8 Operating Segments by the EU. Previously operating segments were determined and presented in accordance with IAS 14 Segment reporting.

An operating segment is a component of the Group and engages in business activities from which it may earn revenues and incur expenses. An operating segment's operating results are reviewed regularly by the Managing Director to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Financing costs

Interest payable on borrowings is calculated using the effective interest rate method.

Deferred income tax

Deferred taxation is provided in full, using the liability method, on timing differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax is realised. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Notes to the Financial Statements continued

For the period ended 31 May 2013

1 Reporting entity continued

Intangible assets – Goodwill

Goodwill represents the excess of fair value consideration over the fair value of the identifiable assets and liabilities acquired, arising on the acquisition of subsidiaries. Goodwill is included in non-current assets. Goodwill is reviewed at least annually for impairment and is carried at costs less accumulated impairment losses. Goodwill arising on acquisitions before the transition date of 29 May 2006 has been retained at the previous UK GAAP value and is no longer amortised but is tested annually for impairment.

Intangible assets – Other

Other intangible assets comprise website design and development costs, software licences and registered trademarks and are stated at acquisition cost less accumulated amortisation. Carrying amounts are reviewed at each financial position date for impairment.

Costs that are directly attributable to the development of websites are recognised as intangible assets provided that the intangible asset will generate probable economic benefits and income streams through external use in line with SIC 32 “Intangible assets—website costs”. Content development and operating costs are expensed as incurred.

Careful judgement by the directors is applied when deciding whether recognition requirements for development costs have been met and whether the assets will generate probable future economic benefit. Amortisation is calculated using the straight-line method, at annual rates estimated to write off the assets over their expected useful lives as follows:

Website design & development	33.33%
Software licences	33.33%
Trademarks	33.33%

Property, equipment and motor vehicles

Items of property, equipment and motor vehicles are stated at historical cost less accumulated depreciation (see below) and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the financial position date. An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount. Assets are depreciated over their expected useful lives as follows:

Equipment	33.33%
Fixtures, fittings & track equipment	33.33%
Motor vehicles	33.33%

1 Reporting entity continued**Impairment of assets**

Goodwill arising on acquisitions and other assets that have an indefinite useful life and are not subject to amortisation are reviewed at least annually for impairment.

Other intangible assets, property, plant and equipment are reviewed for impairment whenever there is an indication that the carrying amount of the asset may not be recoverable. If the recoverable amount of an asset is less than its carrying amount, an impairment loss is recognised. Recoverable amount is the higher of fair value less costs to sell and value in use.

If at the financial position date there is any indication that an impairment loss is recognised in prior periods for an asset other than goodwill that no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

Share-based payment expense

For all the employee share options granted, an expense is recognised in the income statement with a corresponding credit to equity. The equity share-based payment is measured at fair value at the date of the grant. Fair value is determined by reference to option pricing models, principally the Black–Scholes model.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Leasing

Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Equity

Share capital is determined using the nominal value of shares that have been issued.

The share premium account includes any premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from the premium paid.

Equity settled share-based employee remuneration is credited to the share option reserve until related stock options are exercised. On exercise or lapse, amounts recognised in the share option reserve are taken to retained earnings.

Retained earnings include all current and prior period results as determined in the income statement and any other gains or losses recognised in the Statement of Changes in Equity.

Financial instruments

Non-derivative financial instruments include trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables. Ante-post sports bets are recognised when the Company becomes party to the contractual agreements of the instrument.

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes party to the contractual terms of the instrument. Transaction costs are included in the initial measurement of financial instruments, except financial instruments classified as at fair value through profit and loss. The subsequent measurement of financial instruments is dealt with below.

Notes to the Financial Statements continued

For the period ended 31 May 2013

1 Reporting entity continued

Trade and other receivables

Trade and other receivables do not carry any interest and are stated at their nominal amounts as reduced to equal the estimated present value of their future cash flows.

Cash and cash equivalents

Cash and cash equivalents are defined as cash in bank and in hand as well as bank deposits, money held for processors and cash balances held on behalf of players. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Bank borrowings

Interest bearing bank borrowings and overdrafts are recorded at the proceeds received net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs are charged on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent they are not settled in the period in which they arise.

Trade and other payables

Trade and other payables are non-interest bearing and are stated at amortised cost.

Equity instruments

Equity instruments issued by the Group are recorded at proceeds received, net of direct costs.

Open sports bets

The Group may have at any point in time, an exposure on ante-post sports bets. These bets meet the definition of a financial liability under International Accounting Standard 32 "Financial Instruments: Disclosure and Presentation", and therefore are recorded at fair value.

2 Segmental Analysis

		2013	2012
		£000	£000
Turnover			
Sportsbook	Asia Pacific	77,056	67,001
	UK & Ireland	10,833	10,360
	Europe	7,246	4,684
	Rest of the World	1,828	1,042
Pari-mutuel and Racetrack Operations	United States	54,820	17,119
	Caribbean	9,901	8,921
	Asia Pacific	6,419	4,624
	UK & Ireland	399	–
	Rest of the World	140	–
		168,642	113,751
Profit/(loss) before tax			
Sportsbook		247	(214)
Pari-mutuel and Racetrack Operations		108	173
Group		–	–
		355	(41)
Net assets			
Sportsbook		(723)	(970)
Pari-mutuel and Racetrack Operations		1,758	1,650
Group		2,079	(86)
		3,114	594

3 Share-based payment expense

	2013	2012
	£000	£000
Share options	–	–
	–	–

4 Total operating profit/(loss)

Total operating profit/(loss) is stated after charging:

	2013	2012
	£000	£000
Auditors' remuneration:		
Group – audit	85	71
Company – audit	21	20
Depreciation of property and equipment	27	27
Amortisation of intangible assets	103	163
Exchange losses	94	22
Operating lease rentals – other than plant, equipment and Harness Racetrack	42	44
Operating lease rentals – Harness Racetrack	104	–
Directors' fees	38	38

Cal Expo Harness racetrack incurred £1,536,000 of operating costs in its first year of operation. Included within this are staff costs of £694,000, professional costs of £283,000, property costs of £216,000 and insurance costs of £92,000.

Notes to the Financial Statements continued

For the period ended 31 May 2013

5 Net finance costs

	2013 £000	2012 £000
Bank interest receivable	12	10
	12	10
Bank interest payable	(1)	–
Loan interest payable	(20)	(43)
	(21)	(43)
Net finance costs	(9)	(33)

6 Staff numbers and cost

	2013	2012
Average number of employees (including directors) – Sportsbook	19	22
Average number of employees – Pari-mutuel and Racetrack Operations	64	10

The aggregate payroll costs of these persons were as follows:

	2013 £000	2012 £000
Sportsbook		
Wages and salaries	593	570
Social security costs	59	58
Share-based costs	–	–
	652	628

	2013 £000	2012 £000
Pari-mutuel and Racetrack Operations		
Wages and salaries	930	438
Social security costs	97	43
Share-based costs	–	–
	1,027	481

7 Taxation

	2013 £000	2012 £000
Profits/(losses) before tax	355	(41)
Tax charge at IOM standard rate (0%)	–	–
Adjusted for:		
Tax credit for US tax losses (at 15%)	(21)	(22)
Add back deferred tax losses not recognised	21	22
Tax charge for the year	–	–

8 Earnings per ordinary share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period.

The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares, on the assumed conversion of all dilutive share options.

An adjustment for the dilutive effect of share options and convertible debt in the previous period has not been reflected in the calculation of the diluted loss per share, as the effect would have been anti-dilutive.

	2013	2012
	£000	£000
Profit/(loss) for the period	355	(41)
	No.	No.
Weighted average number of ordinary shares in issue	330,148,762	230,171,644
Diluted number of ordinary shares	344,148,762	230,171,644
Basic earnings/(loss) per share	0.11	(0.02)
Diluted earnings/(loss) per share	0.11	(0.02)

9 Intangible assets – goodwill

Group	Goodwill
	£000
Cost	
Balance at 27 May 2012	111
Additions during the period	–
Balance at 31 May 2013	111
Amortisation and Impairment	
At 27 May 2012	–
Amortisation for the period	–
At 31 May 2013	–
Net book value	
At 31 May 2013	111
At 27 May 2012	111

The goodwill relates to the acquisition of the pari-mutuel business which is both a cash generating unit and a reportable segment, including goodwill arising on the acquisition in 2010 of WatchandWager.com LLC, a US registered entity licenced for pari-mutuel wagering in North Dakota.

The Group tests intangible assets annually for impairment, or more frequently if there are indications that the intangible assets may be impaired. The recoverable amount of goodwill on both pari-mutuel business units has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by the Directors.

The key assumptions on which the Directors have based their three year discounted cash flow analysis are a pre-tax discount rate of 15% and growth rate in pari-mutuel business of 2%. The assumption of growth rate in pari-mutuel business has been based on the historic performance of the business as well as forecast performance based on the Board's plan to invest further in this business. In respect of the value in use calculations, cash flows have been considered for both the conservative and the full forecast potential of future cash flows with no impact to the valuation of goodwill.

Notes to the Financial Statements continued

For the period ended 31 May 2013

10 Intangible assets – other

	Software & development costs	
	Group £000	Company £000
Cost		
Balance at 27 May 2012	2,758	33
Additions during the period	102	–
At 31 May 2013	2,860	33
Amortisation and impairment		
At 27 May 2012	2,564	33
Amortisation for the period	103	–
At 31 May 2013	2,667	33
Net book value		
At 31 May 2013	193	–
At 27 May 2012	194	–

11 Property, equipment and motor vehicles

Group	Computer Equipment £000	Fixtures, Fittings & Track Equipment £000	Motor Vehicles £000	Total £000
	Cost			
At 27 May 2012	1,256	285	17	1,558
Additions	71	16	5	92
Disposals	–	–	–	–
At 31 May 2013	1,327	301	22	1,650
Depreciation				
At 27 May 2012	1,244	282	1	1,527
Charge for the period	16	5	6	27
At 31 May 2013	1,260	287	7	1,554
Net book value				
At 31 May 2013	67	14	15	96
At 27 May 2012	12	3	16	31

Company	Computer Equipment £000	Fixtures & Fittings £000	Total £000
	Cost		
At 27 May 2012	263	79	342
Additions	–	–	–
Disposals	–	–	–
At 31 May 2013	263	79	342
Depreciation			
At 27 May 2012	263	79	342
Charge for the period	–	–	–
At 31 May 2013	263	79	342
Net book value			
At 31 May 2013	–	–	–
At 27 May 2012	–	–	–

12 Investments

Company	Investment in subsidiary companies £000
As at 27 May 2012 & 31 May 2013	705

Details of investments at 31 May 2013 are as follows:

Subsidiaries	Country of incorporation	Activity	Holding (%)
WatchandWager.com Limited	Isle of Man	Operation of interactive wagering totaliser hub	100
Technical Facilities & Services Limited	Isle of Man	Provision of IT & betting systems to group companies	100
betinternet.com (IOM) Limited	Isle of Man	Sportsbook trading company	100
betinternet.com NV	Netherlands Antilles	Licence holder for games and casinos	100
WatchandWager.com LLC	United States of America	Operation of interactive wagering totaliser hub and harness racetrack	100
B.E. Global Services Limited	Isle of Man	Provision of IT & marketing services to the Sportsbook trading company	100
Webis Ireland Limited	Ireland	Non-trading	100

13 Bonds and deposits

	Group		Company	
	2013 £000	2012 £000	2013 £000	2012 £000
Bonds and deposits which expire within one year	-	-	-	-
Bonds and deposits which expire within one to two years	-	-	-	-
Bonds and deposits which expire within two to five years	135	-	-	-
	135	-	-	-

Bonds and deposits totalling £135,117 (US\$205,850) have been paid in relation to the operation of the Cal Expo racetrack in Sacramento, California. A rent deposit of \$200,000 was paid to California Exposition & State Fair and is for a term of 5 years (ending in 2017). A sales tax deposit of \$5,850 was paid to the State Board of Equalization and is required until such time that the Harness racetrack is no longer operated by WatchandWager.com LLC.

14 Cash and cash equivalents

The Group holds funds for operational requirements, shown as “company funds” and on behalf of its Isle of Man regulated customers, shown as “protected player funds”.

Protected player funds are held in fully protected client accounts within an Isle of Man regulated bank.

A security assignment over all monies that had been held with AIB Bank (CI) Limited, Isle of Man Branch, in the name of Betinternet (IOM) Limited and was registered with the Isle of Man Companies Registry was cancelled during the year.

Notes to the Financial Statements continued

For the period ended 31 May 2013

15 Trade and other receivables

	Group		Company	
	2013	2012	2013	2012
	£000	£000	£000	£000
Trade receivables	364	409	–	–
Other receivables and prepayments	891	212	45	30
	1,255	621	45	30

16 Trade and other payables

	Group		Company	
	2013	2012	2013	2012
	£000	£000	£000	£000
Trade payables	2,664	1,679	45	18
Amounts due to Group undertakings	–	–	1,861	949
Open sports bets	6	8	–	–
Taxes and national insurance	34	16	–	–
Accruals and other payables	1,061	1,343	36	1,268
	3,765	3,046	1,942	2,235

Amounts due to Group undertakings are unsecured, interest free and repayable on demand. Included within trade payables are amounts due to customers of £2,499,893.

17 Bank loans

	Group		Company	
	2013	2012	2013	2012
	£000	£000	£000	£000
Due within one year	15	–	–	–
Due within one to two years	10	–	–	–
Due within two to five years	–	–	–	–
	25	–	–	–

The bank loan is provided by Conister Bank Limited (note 22), carries an interest rate of 6.5% per annum on the original principal amount and is fully repayable by 14 January 2015.

18 Share Capital Authorised

	No.	2013	2012
		£000	£000
Ordinary shares of 1p each	600,000,000	6,000	4,000
Allotted, issued and fully paid			
At 27 May 2012: ordinary shares of 1p each	230,171,644	2,302	2,302
Issued during the period	163,166,666	1,631	–
At 31 May 2013: ordinary shares of 1p each	393,338,310	3,933	2,302

Options

Movements in share options during the period ended 31 May 2013 were as follows:

Company	No.
At 27 May 2012 — 1p ordinary shares	14,000,000
Options granted	–
Options lapsed	–
Options exercised	–
At 31 May 2013 — 1p ordinary shares	14,000,000

18 Share Capital Authorised continued

Details of options at 31 May 2013 were as follows:

	Price per share	Options granted	Exercisable between
2005 Share Option Plan	10.4p	1,500,000	March 2008 and March 2015
2005 Share Option Plan	5.0p	9,000,000	March 2009 and March 2016
2005 Share Option Plan	6.0565p	3,500,000	September 2009 and September 2016
		14,000,000	

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using the Black-Scholes model with the following inputs:

		2005 Share Option Plan
Share price at date of grant	varies from	5.0p to 10.4p
Option exercise price at date of grant	varies from	5.0p to 10.4p
Expected volatility		20%
Option life		3.5 years
Expected dividends		0%
Risk-free interest rate		4.60%

Expected volatility was determined by calculating the historical volatility of the Company's weighted average share price over the period. The expected life used has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations.

Expense in profit and loss account:

	2013 £000	2012 £000
Share options	-	-
	-	-

19 Open sports bets liabilities

By the nature of the business, a stake can be received from a customer in respect of some event happening in the future, and hence the level of any actual liability to the Group cannot be assessed until after that event has occurred, although the maximum potential liability can be determined. As at the financial position date there were £5,546 (2012: £8,035) of such stakes that had been received where the event to which they related was after the financial position date. Accordingly, such amount has been reflected as open sports bets in the balance sheet (see note 16).

The maximum possible liability on open sports bets is £0.032m (2012: £0.059m).

20 Capital commitments

As at 31 May 2013, the Group had no capital commitments (2012: £Nil).

21 Operating lease commitments

At 31 May 2013, the Group was committed to future minimum lease payments of:

	2013 £000	2012 £000
Leases which expire within one year	17	27
Leases which expire between one and two years	27	-
Leases which expire between two and five years	108	-

Notes to the Financial Statements continued

For the period ended 31 May 2013

22 Related party transactions

Identity of related parties

The Group has a related party relationship with its subsidiaries (see note 12), and with its Directors and executive officers and with Burnbrae Ltd (significant shareholder) and with Conister Bank Ltd (common director and shareholder).

Transactions with and between subsidiaries

Transactions with and between the subsidiaries in the Group which have been eliminated on consolidation are considered to be related party transactions.

Transactions with entities with significant influence over the Group

Rental and service charges of £29,391 (2012: £28,957), loan interest of £20,805 (2012: £42,873) and Directors' fees of £23,333 (2012: £24,000) were charged in the period by Burnbrae Limited of which Denham Eke is a common director. Burnbrae Limited had also provided an unsecured loan of £1,300,000, which was converted into share capital in the period (2012: £1,125,000). A loan of £25,260 was owed to Conister Bank Limited (note 17) at the period end (2012: £Nil).

Transactions with other related parties

Cash deposits totalling £3,652,419 (2012: £1,612,039) were held with Conister Bank Limited at the period end.

Transactions with key management personnel

See page 13 for disclosure of Directors' Emoluments.

23 Financial risk management

Capital structure

The Group's capital structure is as follows:

	2013	2012
	£000	£000
Cash and cash equivalents	5,114	2,683
Loans and similar income	(25)	(1,125)
Net funds	5,089	1,558
Shareholders' equity	(3,114)	(594)
Capital employed	1,975	964

The Group's principal financial instruments comprise cash and cash equivalents, trade receivables and payables that arise directly from its operations.

The main purpose of these financial instruments is to finance the Group's operations. The existence of the financial instruments exposes the Group to a number of financial risks, which are described in more detail below.

The principal risks which the Group is exposed to relate to liquidity risks, credit risks, interest rate risks and foreign exchange risks.

Liquidity risks

Liquidity risk is the risk that the Group will be unable to meet its financial obligations as they fall due.

The Group's objective is to maintain continuity of funding through trading and share issues but to also retain flexibility through the use of short-term loans if required.

Management controls and monitors the Group's cash flow on a regular basis, including forecasting future cash flow. Banking facilities are kept under review to ensure they meet the Group's requirements. Funds equivalent to customer balances are held in designated bank accounts to ensure that GSC player protection principles are met. The directors anticipate that the business will continue to generate positive cash flow in the forthcoming period to meet its financial obligations.

The Group had an unsecured loan facility with Burnbrae Limited of £1,300,000 with an interest rate of base plus 4% (2012: £1,125,000). The loan and interest were converted into share capital in the period.

The following are the contractual maturities of financial liabilities:

23 Financial risk management continued**2013****Financial liabilities**

	Carrying amount £000	Contractual cash flow £000	6 months or less £000	Up to 1 year £000	1–5 years £000
Trade creditors and deferred income	2,670	(2,670)	(2,670)	–	–
Income tax and national insurance	34	(34)	(34)	–	–
Other creditors	760	(760)	(760)	–	–
	3,464	(3,464)	(3,464)	–	–

2012

Financial liabilities

	Carrying amount £000	Contractual cash flow £000	6 months or less £000	Up to 1 year £000	1–5 years £000
Trade creditors	1,687	(1,687)	(1,687)	–	–
Income tax and national insurance	16	(16)	(16)	–	–
Other creditors	1,140	(1,165)	(1,165)	–	–
	2,843	(2,868)	(2,868)	–	–

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Classes of financial assets — carrying amounts

	2013 £000	2012 £000
Cash and cash equivalents	5,114	2,683
Trade and other receivables	1,255	621
	6,369	3,304

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the balance sheet (or in the notes to the financial statements). Credit risk, therefore, is only disclosed in circumstances where the maximum potential loss differs significantly from the financial asset's carrying amount.

The maximum exposure to credit risks for trade receivables any business segment:

	2013 £000	2012 £000
Pari-mutuel	1,019	447
Sportsbook	236	174
	1,255	621

Of the above receivables, £356,000 (2012: £399,000) relates to amounts owed from US racing tracks. These receivables are actively monitored to avoid significant concentration of credit risk and the Directors consider there to be no significant concentration of credit risk.

The directors consider that all the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality. No amounts were considered past due at the year end (2012: £Nil).

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Notes to the Financial Statements continued

For the period ended 31 May 2013

23 Financial risk management continued

Interest rate risk

The Group finances its operations mainly through capital with limited levels of borrowings. Cash at bank and in hand earns negligible interest at floating rates, based principally on short-term inter bank rates.

Any movement in interest rates would not be considered to have any significant impact on net assets at the balance sheet date.

Foreign currency risks

The Group operates internationally and is subject to transactional foreign currency exposures primarily with respect to the Euro, US Dollar and Singapore Dollar.

The Group does not actively manage the exposures but regularly monitors the Group's currency position and exchange rate movements and makes decisions as appropriate.

At the balance sheet date the Group had the following exposure:

	HKD	GBP	EUR	USD	SGD	NOK	DKK	AUD	CAD	CHF	CNY	SEK	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
2013													
Current assets	72	2,372	48	3,515	125	1	5	3	4	3	-	221	6,369
Current liabilities	(27)	(412)	(174)	(3,059)	(56)	(2)	(2)	(3)	(1)	(1)	(-)	(43)	(3,780)
Short-term exposure	45	1,960	(126)	456	69	(1)	3	-	3	2	-	178	2,589
	HKD	GBP	EUR	USD	SGD	NOK	DKK	AUD	CAD	CHF	CNY	SEK	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
2012													
Current assets	23	1,658	41	1,510	36	-	3	4	3	1	-	25	3,304
Current liabilities	(50)	(1,697)	(189)	(1,004)	(80)	(4)	(-)	(6)	(-)	(-)	(6)	(10)	(3,046)
Short-term exposure	(27)	(39)	(148)	506	(44)	(4)	3	(2)	3	(1)	(6)	(15)	258

The following table illustrates the sensitivity of the net result for the period and equity in regards to the Group's financial assets and financial liabilities and the Sterling-US Dollar exchange rate, Sterling-Euro exchange rate and Sterling-Singapore Dollar exchange rate.

A 5% weakening of Sterling against the following currencies at 31 May 2013 would have increased equity and profit and loss by the amounts shown below:

	USD	EUR	SGD	Total
	£000	£000	£000	£000
2013				
Current assets	176	2	6	184
Current liabilities	(153)	(9)	(3)	(165)
Net assets	23	(7)	3	19
	USD	EUR	SGD	Total
	£000	£000	£000	£000
2012				
Current assets	80	2	2	84
Current liabilities	(50)	(10)	(4)	(64)
Net assets	30	(8)	(2)	20

A 5% strengthening of Sterling against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above on the basis that all other variables remain constant.

24 Controlling party and ultimate controlling party

The directors consider the ultimate controlling party to be Burnbrae Limited and its beneficial owner Jim Mellon by virtue of their combined shareholding of 68.19%.

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Webis Holdings plc (the "Company") will be held at The Claremont Hotel, 18/19 Loch Promenade, Douglas, Isle of Man, on 3 December 2013 at 11 am for the purpose of transacting the following business:

Ordinary Business

- 1 To receive and adopt the report of the directors and the accounts for the period ended 31 May 2013.
- 2 To re-elect as a director Mr D H N Eke who retires by rotation and, being eligible, offers himself for re-election in accordance with the Company's Articles of Association.
- 3 To reappoint KPMG Audit LLC as auditor and to authorise the directors to determine their remuneration.

Special Business

To consider and, if thought fit, to pass the following resolutions:

As an Ordinary Resolution

- 4 That the authority granted by special resolution to the directors of the Company to allot relevant securities up to an amount equal to but not exceeding the authorised but unissued share capital of the Company for the time being which was passed at the Annual General Meeting of the Company held on 9 December 2002 be renewed pursuant to the power provided by Article 6(C) of the Company's Articles of Association, that such renewal of authority be for the exercise of that power generally and unconditionally and in all respects in the same terms as originally granted, and that such authority shall expire at the conclusion of the next Annual General Meeting of the Company after the date of passing of this Resolution unless renewed, varied or revoked by the Company in General Meeting.

As a Special Resolution

- 5 The directors of the Company be and they are hereby empowered pursuant to Article 8 of the Articles of Association of the Company (the "Articles") to allot equity securities (as defined in Article 7(H) of the Articles) pursuant to the authority conferred on the directors to allot relevant securities by Resolution 4 above as if Article 7(A) of the Articles did not apply to such allotment PROVIDED THAT this power shall be limited to:
 - (i) the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities are issued proportionally (or as nearly as may be) to the respective number of ordinary shares held by such shareholders (but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with issues arising under the laws of any territory or the requirements of any regulatory body or any stock exchange in any territory or the fixing of exchange rates applicable to any such equity securities where such equity securities are to be issued to shareholders in more than one territory, or legal or practical problems in respect of overseas shareholders, fractional entitlements or otherwise howsoever);
 - (ii) the allotment of equity securities to holders of any options under any share option scheme of the Company for the time being in force, on the exercise by them of any such options; and
 - (iii) the allotment (otherwise than pursuant to paragraphs (i) or (ii) above) of equity securities up to a maximum aggregate nominal

value equal to 50% of the issued ordinary share capital of the Company for the time being.

The power hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company after the date of passing of this Resolution unless such power shall be renewed in accordance with and subject to the provisions of the said Article 8, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities pursuant to such offer or agreement as if the power conferred hereby had not expired.

As Ordinary Resolutions

- 6 That in accordance with Article 12 of the Company's Articles of Association and with Section 13 of the Companies Act 1992 the Company be generally and unconditionally authorised to make market purchases (as defined by Section 13(2) of the Companies Act 1992) of ordinary shares of 1 pence each in its capital, provided that:
 - (a) the maximum number of shares that may be acquired is 39,334,000;
 - (b) the minimum price that may be paid for the shares is 1 pence;
 - (c) the maximum price that may be paid is, for a share the Company contracts to purchase on any day, a sum equal to 105% of the average of the upper and lower quotations on the Daily Official List of the London Stock Exchange for the ordinary shares of the Company on the five business days immediately preceding that day; and

Notice of Meeting continued

- (d) the authority conferred by this resolution shall expire at the conclusion of the next Annual General Meeting of the Company after the date of the passing of this Resolution unless renewed, varied or revoked by the Company in General Meeting, but not so as to prejudice the completion of a purchase contracted before that date.
- 7 That the Report of the remuneration committee be received and adopted.

By order of the Board



Chris Allen
Secretary
25 October 2013
Registered Office: Viking House
Nelson Street, Douglas
Isle of Man, IM1 2AH

Notes

- 1 Members are entitled to appoint a proxy to exercise all or any of their rights to attend and vote on their behalf at the meeting. A proxy need not be a shareholder of the Company. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. To appoint more than one proxy you may photocopy the proxy form accompanying this notice. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
- 2 To be valid, the form of proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority must be lodged at the offices of the Company's registrars, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU by hand, or sent by post, so as to be received not less than 48 hours before the time fixed for the holding of the meeting or any adjournment thereof (as the case may be).
- 3 The completion and return of a form of proxy will not preclude a member from attending in person at the meeting and voting should he wish to do so.
- 4 In the case of a corporation, the form of proxy must be executed under its common seal or the hand of an officer or attorney duly authorised.
- 5 A member may appoint a proxy of its own choice. If the name of the member's choice is not entered in the space provided on the form of proxy, the return of the form of proxy duly signed will authorise the chairman of the meeting to act as that member's proxy.
- 6 To abstain from voting on a resolution, select the relevant 'withheld' box. A vote withheld is not a vote in law and will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
- 7 Pursuant to regulation 22 of the Uncertificated Securities Regulations 2005, the Company has specified that only those members entered on the register of members at 6 pm on 1 December 2013 shall be entitled to attend and vote at the meeting. Changes to the register after 6 pm on 1 December 2013 shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- 8 Where a corporation is to be represented at the meeting by a personal representative, such corporation must deposit a certified copy of the resolution of its directors or other governing body authorising the appointment of the representative at the Company's registered office: Viking House, Nelson Street, Douglas, Isle of Man, IM1 2AH not later than 48 hours before the time appointed for the holding of the meeting.

Company Information

Directors

Denham Eke
Non-Executive Chairman
Garry Knowles
Managing Director
Ed Comins
Pari-mutuel Operations Director
Sir James Mellon
Non-Executive Director

Secretary

Chris Allen

Registered Office

Viking House
Nelson Street
Douglas, Isle of Man
IM1 2AH

Bankers

Conister Bank Limited
Clarendon House, Victoria Street
Douglas, Isle of Man
IM1 2LN

Auditors

KPMG Audit LLC
Chartered Accountants
Heritage Court
41 Athol Street
Douglas, Isle of Man
IM99 1HN

Nominated Adviser and Broker

Beaumont Cornish Limited
2nd Floor, Bowman House
29 Wilson Street
London
EC2M 2SJ

Legal Advisors

Appleby (Isle of Man) LLC
33-37 Athol Street
Douglas
Isle of Man
IM1 1LB

Mishcon de Reya
Summit House
12 Red Lion Square
London
WC1R 4QD

UK Registrar

Capita Asset Services
The Registry, 34 Beckenham Road
Beckenham
Kent
BR3 4TU

Corporate Website

www.webisholdingsplc.com

Twitter

@WebisHoldings



webisholdings^{plc}

Webis Holdings plc

Viking House, Nelson Street
Douglas, Isle of Man
IM1 2AH, British Isles

Tel: +44 (0) 1624 698141

Fax: +44 (0) 1624 698134

Email: info@betinternet.com

Website: www.webisholdingsplc.com