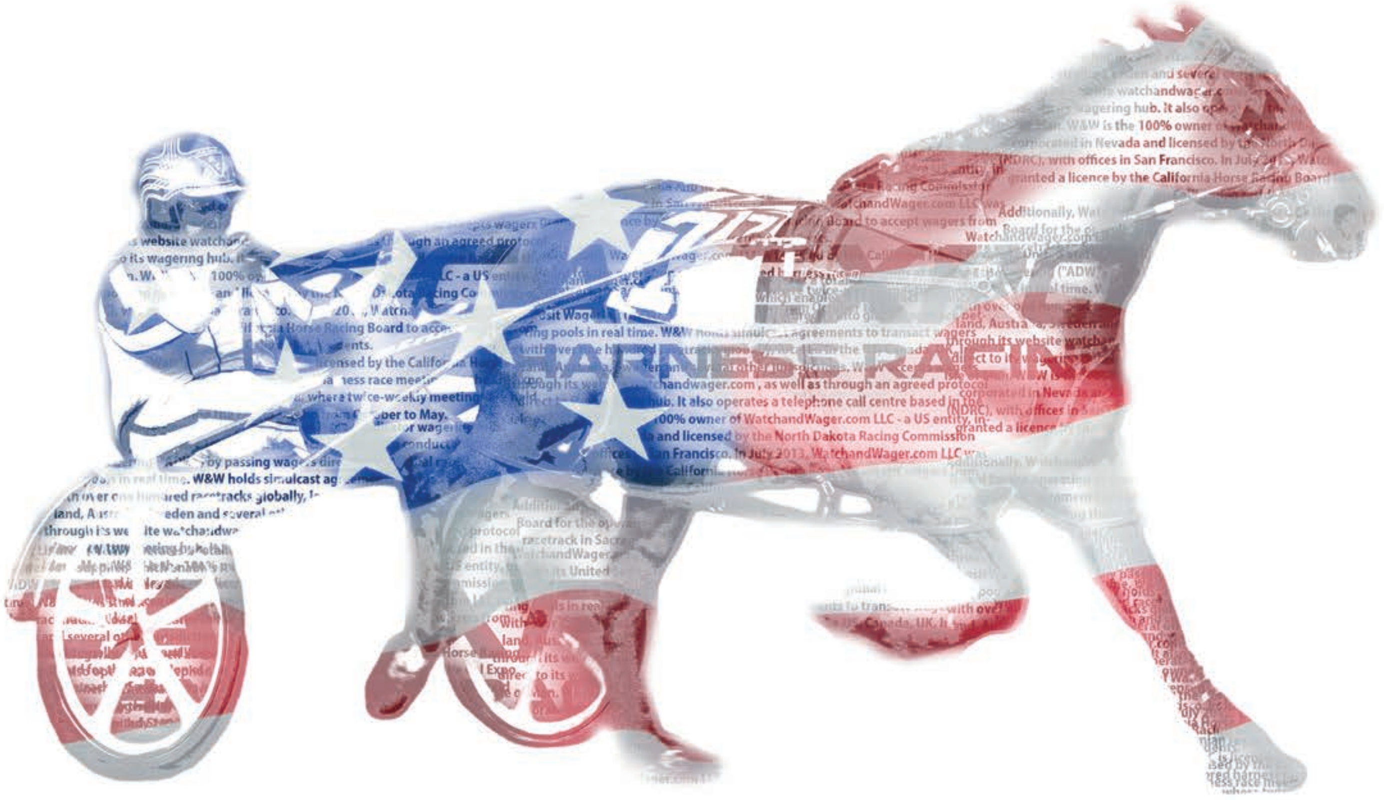
webisholdings plc



Global Gaming Group

Annual Report and Financial Statements for the year ended 31 May 2014

Stock Code: WEB

CALEXPO HARNESS RACING

betinternet

watch and wager

Contents

Our Performance

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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

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 sports betting coverage continues to grow particularly within In Play, where customers place bets on sports events in real time, and this area now accounts for a substantial part of betinternet's turnover and margin. 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 and poker. The company operates under licences issued by the gaming regulatory bodies in the Isle of Man, United Kingdom and Curacao.

Pari-Mutuel and Racetrack Operations

watchandwager.com
Cal Expo Harness Racetrack

WatchandWager.com Limited
WatchandWager.com LLC

WatchandWager.com Ltd has its operational base in San Francisco, California and provides pari-mutuel, or pool-betting, wagering services through a number of distribution channels to a global client base. The company holds United States pari-mutuel licences for Advanced Deposit Wagering (ADW), issued by North Dakota and California. The business provides wagering opportunities predominantly on horse and greyhound racing and has contracted with a significant number of prestigious racetrack partners within the United States, Hong Kong, 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 a telephone 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 continues to provide 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 4.2% to US$275.85 million (2013: US$264.68 million)
- Gross profit has increased by 2.1% to US$8.71 million (2013: US$8.53 million)
- Total comprehensive income has increased to US$0.46 million (2013: profit of US$0.28 million)
- Basic earnings per share have increased to 0.13 cents (2013: 0.07 cents)
- Total assets have increased by 27.4% to US$13.40 million (2013: US$10.52 million)

Chairman's Statement

Shareholders should note that the Board has elected to change the Company's reporting currency from Sterling to US Dollars so as to more accurately reflect the overall performance of the Group, which has the majority of its assets held, and transactions conducted, in US Dollars.

Introduction

I am pleased to report that Webis Holdings plc ("Webis" or "the Group") has achieved a Total Comprehensive Profit for the full financial year ended 31 May 2014.

WatchandWager.com ("WatchandWager"), the Group's pool-wagering and racetrack operation, has made some excellent strategic progress, particularly with increasing the availability of premium global wagering content for our customers.

The Group's Sportsbook operation, betinternet.com (IOM) Limited ("betinternet" or "Sportsbook"), has remained resilient against some strong regulatory headwinds that are impacting the online gambling industry as a whole.

Year End Results Review

Group turnover for the year ended 31 May 2014 was $275.85 million (2013: $264.68 million). Gross Profit increased by 2% to $8.71 million (2013: $8.53 million). Overall gross margin was 3.2% (2013: 3.2%).

Operating expenses increased by 9% over the previous year to $8.55 million (2013: $7.83 million). The majority of the increase in expenses was attributable to the implementation of our growth strategy for WatchandWager in the US.

Shareholder equity has increased to $5.17 million (2013: $4.75 million) with total cash at $8.40 million (2013: $7.79 million), which includes a ring-fenced amount of $4.74 million (2013: $4.02 million) held as protection against our player liability as required under Isle of Man gambling legislation.

Pool-wagering turnover increased to $67.59 million (2013: $52.89 million), with a loss before tax of $0.17 million (2013: profit of $0.02 million). Racetrack Operations achieved a turnover of $51.45 million (2013: $59.52 million) with a profit before tax of $0.13 million (2013: loss of $0.002m).

Our Sportsbook turnover increased to $156.81 million (2013: $152.18 million) achieving a profit before tax of $0.27 million (2013: profit of $0.38 million).

WatchandWager

WatchandWager experienced a 24% growth in turnover for the full year, boosted by new player activity into the Hong Kong Jockey Club and Swedish ATG racetrack pools. Both of these outlets provide us with a competitive advantage over other international operators and are part of our growth strategy to secure further global licences and agreements. We have now established a highly competitive level of global racing content that we are able to offer to our customers through our multiple wagering channels.

Following these successes, the Board has agreed to further investment in our pool-wagering division, concentrating on recruiting additional resource to manage the growing scope of our US-based operations. This activity will be focused to specifically make further improvements to the entire *watchandwager.com* wagering platform. The Board believes that this additional investment expense will translate into enhanced turnover and margin derived from the operation in the near term.

We experienced some delays in the full roll-out of our primary website *watchandwager.com* and mobile application, in an effort to ensure it adequately caters for the needs of our US customer base. As a result performance was below expectations in this sector over the full year. In addition, redirecting the majority of our transactions through our US licences has also impacted our cost base with increased levels of duty, licensing and compliance costs incurred in the US. The Board views this increased expenditure as part of the cost of operating legitimately in the US market and anticipates that as our turnover grows, we will see the percentage of these costs level off against revenue.

Cal Expo, our Sacramento-based harness racetrack operation, adjusted its meeting schedules to achieve the best return for all stakeholders and, by keeping a very close control of the costs, helped to bring profitability to this part of the Group, despite a reduction in turnover for the full racing season. The racetrack remains a key part of our strategy and has continued to offer meaningful leverage in developing the pool-wagering and wider business, with WatchandWager and partner racetrack groups continuing to be actively involved in discussions on legislative change within online gaming in California. The number of parties who have conflicting interests in the opening up of the gaming market in this state may mean, however, that any legislative changes are likely to take some time to materialise.

betinternet

betinternet saw overall turnover continue at a similar level to the previous year. Fixed Odds turnover achieved good growth due to the popularity of In Play, whereas Casino and Games activity reduced as the changing government perceptions towards online gaming in Singapore, one of our main Asian markets, meant we were obliged to curtail some of our casino and gaming activity in February. This was one of the external challenges in the second half which resulted in a lower overall full-year margin than had been anticipated. Also, a reduction in card authorisations from Singapore and some unfavourable football results in the latter part of the European football season also had an impact on the overall gross margin achieved for the full year, which ended at $4.25 million, although this remained ahead of the previous year (2013: $4.01 million).

For the full year, the Sportsbook fixed-odds margin showed a good level of consistency, remaining similar to that achieved last year at 3.74% (2013: 3.75%). In Play betting accounted for 73% (2013: 57%) of all fixed odds turnover on single bets, highlighting the shifting preference of our customers towards our engaging live betting product.

As we grew more comfortable with our price modelling and technologies for In Play Tennis, we increased our exposure to client activity on this product during the second half, which resulted in an uplift in the overall levels of turnover and margin. We further increased our In Play offering to include Baseball, Rugby and Volleyball and focused the majority of our internal development work on this growing area.

Post Year, Strategy and Regulatory Developments

WatchandWager has now established full access to all of the major US racetrack pools, following our agreement with the New York Racing Association in June. This contract signing was the trigger for a further increase in a variety of targeted marketing activity for the *watchandwager.com* website.

WatchandWager has renewed its California Horse Racing Board racing licence for Cal Expo and our third season of racing restarted in early October. Following consultation with US media groups, Cal Expo has switched from a Friday and Saturday schedule to race on Saturday and Sunday evenings. WatchandWager is also increasing the prize money incentive scheme for this season. These initiatives are designed to promote strong horse numbers throughout the season and encourage greater exposure of our races on television.

Results during the football World Cup tournament in June and July in Brazil were generally favourable for betinternet which achieved an encouraging margin. Overall results during the early part of the year have also been favourable. In Play Tennis has continued to be our biggest growth area, with significant increases in activity, particularly during the Wimbledon and US Open championships.

The regulatory environment in which our Sportsbook operates continues to change around us, with many governments taking the opportunity to review their existing gambling legislation, particularly as it relates to online activities. In many cases, the primary reason for the introduction of new laws is to offer protection for customers, but invariably this legislation increases contribution levels through additional licence fees and increased duty payments. In many cases this has the unintended effect of restricting legal competition. As there is little global standardisation of legislation, the overall cost of entering newly regulated markets can be high, making the business case difficult to justify in many jurisdictions, with these costs likely to impact the smaller, niche operators disproportionately.

As an example, the Singapore Remote Gambling Bill 2014 was passed by the Singapore Parliament on 7 October 2014. This Bill imposes severe restrictions on the companies that are able to legally provide online gambling services within this jurisdiction. We expect the effects of this Bill to impact during the first half of 2015. Therefore, in compliance with Group policy, we will withdraw betinternet from any activity in the Singapore market. This withdrawal will have a material impact on the profitability of this part of our business, despite concerted efforts to reduce our reliance on this region.

The Board is currently undertaking a comprehensive review of the opportunities available to the Sportsbook and its continued viability. In the interim, the Board has agreed that betinternet will focus only on regulated gaming markets, including customer activity from UK residents. In this connection, Webis made an application for a UK gambling licence, specifically for sportsbook activities, under the transitional arrangements for those operators holding an existing Isle of Man Gambling licence. I am pleased to report that Webis has been granted a 'continuation' licence by the UK Gambling Commission which took effect from the start of the new legislation on 1 November 2014. This will allow us the opportunity to be granted a full UK licence in due course.

Pending the outcome of the internal review, the Board considers that the Group's current activities are correctly aligned to ensure the best prospects for future growth.

I would like to thank all of our staff, our customers and our shareholders for their continued support throughout the year.

Denham Eke
Non-executive Chairman
19 November 2014

The Board of Directors

D H N Eke, aged 63
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 Non-executive Chairman in April 2003.

E Comins, aged 44
Pari-mutuel Operations Director
Ed Comins has 22 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 online skill games, where he managed betting partner relationships with key sportsbooks.

Mr Comins joined the Board in May 2010.

G Knowles, aged 47
Managing Director
Garry Knowles has 25 years' experience in the gaming industry having worked for the William Hill Organisation for 15 years. He 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 85
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 year ended 31 May 2014.

Principal activities

The Group operates:

- a licensed sports bookmaker 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 (2013: $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 (2013: 22 days) purchases in trade creditors.

Financial risks

Details relating to financial risk management are shown in note 21 to the financial statements.

Directors and directors' interests

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

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

The director retiring by rotation is Mr Garry Knowles who, being eligible, offers himself for re-election.

The directors who held office at the end of the year 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 year 2014	Interest at start of year 2013	**Interest at end of year 2014**	Interest at start of year 2013
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 6 October 2014 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

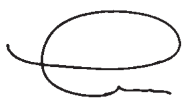
The Group made no political contributions during the year.

As part of the obligations of the pari-mutuel business in the United States, the Group made charitable contributions of $29,522 during the year (2013: $19,964).

Auditors

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
Managing Director
19 November 2014

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 Non-executive 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 Non-executive 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 Non-executive 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.

Corporate Governance continued

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 auditors.

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.

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 auditors, and meets its external auditors at least once a year. Additional meetings may be requested by the auditors.

Going Concern
As more fully explained in note 1.1 to the financial statements on page 21, 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 year.

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 Conduct 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 year.

Service Contracts

During the year 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:

		2014 US$000	2013 US$000
Emoluments	— salaries, bonuses and taxable benefits	**552**	392
	— fees	**56**	58
		608	450

Directors' Emoluments

	Basic salary US$000	Fees US$000	Bonus US$000	Termination payments US$000	Benefits US$000	**2014 Total US$000**	2013 Total US$000
Executive							
G Knowles	260	–	–	–	2	**262**	192
E Comins	277	–	–	–	13	**290**	200
Non-executive							
D H N Eke*	–	32	–	–	–	**32**	35
Sir James Mellon	–	24	–	–	–	**24**	23
Aggregate emoluments	537	56	–	–	15	**608**	450

* Paid to Burnbrae Limited.

Details of the options outstanding at 31 May 2014 are as follows:

Name of director	31 May 2013	(Lapsed)/ granted in year	**31 May 2014**	Exercise price	Date from which exercisable	Expiry date
G 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 2014 was 3.250p. The range during the year was 6.000p to 3.125p.

Approval

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

Denham Eke
Non-executive Chairman
19 November 2014

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 year ended 31 May 2014 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 Auditors

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 2014 and of the Group's profit for the year 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
19 November 2014

Consolidated Statement of Comprehensive Income

For the year ended 31 May 2014

	Note	2014 US$000	Restated (see Note 1.1) 2013 US$000
Turnover	2	**275,847**	264,678
Cost of sales		**(266,962)**	(255,963)
Betting duty paid		**(178)**	(181)
Gross profit		**8,707**	8,534
Operating costs		**(8,554)**	(7,832)
Other gains/(losses) — net		**351**	(462)
Operating profit	3	**504**	240
Finance income	4	**12**	18
Finance costs	4	**(3)**	(32)
Finance income/(costs) — net		**9**	(14)
Profit before income tax		**513**	226
Income tax expense	6	**–**	–
Profit for the year		**513**	226
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences on translation of foreign subsidiaries		**(58)**	54
Other comprehensive income for the year		**(58)**	54
Total comprehensive income for the year		**455**	280
Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the year (cents)	7	**0.13**	0.07

The notes on pages 19 to 37 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 2014

	Note	31 May 2014 Group US$000	31 May 2014 Company US$000	Restated (see Note 1.1) 31 May 2013 Group US$000	Restated (see Note 1.1) 31 May 2013 Company US$000	Restated (see Note 1.1) 28 May 2012 Group US$000	Restated (see Note 1.1) 28 May 2012 Company US$000
Non-current assets							
Intangible assets	8	**489**	**–**	463	–	489	–
Property, equipment and motor vehicles	9	**183**	**17**	146	–	50	–
Investments	10	**–**	**1,187**	–	1,078	–	1,130
Bonds and deposits	11	**704**	**–**	206	–	–	–
Total non-current assets		**1,376**	**1,204**	815	1,078	539	1,130
Current assets							
Bonds and deposits	11	**1,298**	**–**	–	–	–	–
Trade and other receivables	13	**2,325**	**97**	1,915	65	997	48
Cash and cash equivalents	12	**8,402**	**5,655**	7,790	5,412	4,301	2,717
Total current assets		**12,025**	**5,752**	9,705	5,477	5,298	2,765
Total assets		**13,401**	**6,956**	10,520	6,555	5,837	3,895
Equity							
Called up share capital	16	**6,334**	**6,334**	6,334	6,334	3,690	3,690
Share premium account		**16,978**	**16,978**	16,978	16,978	16,110	16,110
Share option reserve		**156**	**156**	187	187	187	187
Foreign currency translation reserve		**(4)**	**–**	54	–	–	–
Retained losses		**(18,295)**	**(19,508)**	(18,808)	(19,903)	(19,034)	(19,674)
Total equity		**5,169**	**3,960**	4,745	3,596	953	313
Non-current liabilities							
Bank loans	15	**–**	**–**	15	–	–	–
Total non-current liabilities		**–**	**–**	15	–	–	–
Current liabilities							
Trade and other payables	14	**8,215**	**2,996**	5,737	2,959	4,884	3,582
Bank loans	15	**17**	**–**	23	–	–	–
Total current liabilities		**8,232**	**2,996**	5,760	2,959	4,884	3,582
Total liabilities		**8,232**	**2,996**	5,775	2,959	4,884	3,582
Total equity and liabilities		**13,401**	**6,956**	10,520	6,555	5,837	3,895

The financial statements were approved by the Board of directors on 19 November 2014

Denham Eke

Denham Eke
Director

Garry Knowles
Director

The notes on pages 19 to 37 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 May 2014

Group

	Called up share capital US$000	Share premium US$000	Share option reserve US$000	Foreign currency translation reserve US$000	Retained earnings US$000	Total equity US$000
Balance as at 27 May 2012 (Restated - see Note 1.1)	3,690	16,110	187	–	(19,034)	953
Total comprehensive income for the period:						
Profit for the period	–	–	–	–	226	226
Other comprehensive income	–	–	–	54	–	54
Transactions with owners:						
Arising on shares issued in the period	2,644	868	–	–	–	3,512
Balance as at 31 May 2013 (Restated - see Note 1.1)	6,334	16,978	187	54	(18,808)	4,745
Total comprehensive income for the year:						
Profit for the year	–	–	–	–	513	513
Other comprehensive income	–	–	–	(58)	–	(58)
Transactions with owners:						
Share-based payment credit	–	–	(31)	–	–	(31)
Balance as at 31 May 2014	**6,334**	**16,978**	**156**	**(4)**	**(18,295)**	**5,169**

Company

	Called up share capital US$000	Share premium US$000	Share option reserve US$000	Foreign currency translation reserve US$000	Retained earnings US$000	Total equity US$000
Balance as at 27 May 2012 (Restated - see Note 1.1)	3,690	16,110	187	–	(19,674)	313
Total comprehensive income for the period:						
Loss for the period	–	–	–	–	(229)	(229)
Other comprehensive income	–	–	–	–	–	–
Transactions with owners:						
Arising on shares issued in the year	2,644	868	–	–	–	3,512
Balance as at 31 May 2013 (Restated - see Note 1.1)	6,334	16,978	187	–	(19,903)	3,596
Total comprehensive income for the year:						
Profit for the year	–	–	–	–	395	395
Other comprehensive income	–	–	–	–	–	–
Transactions with owners:						
Share-based payment credit	–	–	(31)	–	–	(31)
Balance as at 31 May 2014	**6,334**	**16,978**	**156**	**–**	**(19,508)**	**3,960**

The notes on pages 19 to 37 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 May 2014

	2014 US$000	Restated (see Note 1.1) 2013 US$000
Cash flows from operating activities		
Profit before income tax	**513**	226
Adjustments for:		
— Depreciation of property, equipment and motor vehicles	**71**	42
— Amortisation of intangible assets	**135**	163
— Finance (income)/costs — net	**(9)**	14
— Foreign exchange (gains)/losses on revaluation	**(478)**	333
— Share-based payment credit	**(31)**	–
Changes in working capital:		
— Increase in receivables	**(410)**	(918)
— Increase in payables	**2,478**	2,667
Cash flows from operations	**2,269**	2,527
Finance income	**12**	18
Bonds and deposits placed in the course of operations	**(1,796)**	(206)
Net cash generated from operating activities	**485**	2,339
Cash flows from investing activities		
Purchase of intangible assets	**(120)**	(155)
Purchase of property, equipment and motor vehicles	**(99)**	(140)
Disposal of property, equipment and motor vehicles	**3**	–
Net cash used in investing activities	**(216)**	(295)
Cash flows from financing activities		
Interest paid	**(3)**	(32)
Loans (repaid)/received	**(21)**	38
Loans received from related party	**–**	267
Issue of equity shares	**–**	1,302
Net cash (used in)/generated from financing activities	**(24)**	1,575
Net increase in cash and cash equivalents	**245**	3,619
Cash and cash equivalents at beginning of year	**7,790**	4,301
Exchange gains/(losses) on cash and cash equivalents	**367**	(130)
Cash and cash equivalents at end of year	**8,402**	7,790

The notes on pages 19 to 37 form part of these financial statements.

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 year ended 31 May 2014 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.

Standards and interpretations not yet effective

A number of new standards, amendments to standards and interpretation are not yet effective for year ended 31 May 2014, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the measurement of the amounts recognised in the Group's financial statements; however, IFRS 9, Financial Instruments ("IFRS 9") may change the classification of financial assets. IFRS 9 is first effective for accounting periods beginning on or after 1 January 2018.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Group.

The Group has continued to apply the accounting policies, presentation and methods of computation used in the 31 May 2013 annual report except that the financial statements are now presented in US Dollars and as described below for fair value measurement.

Changes in accounting policies

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 June 2013:

- IFRS 10 Consolidated Financial Statements (2011) ("IFRS 10 (2011)") along with the consolidation suite of standards, namely: IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, IAS 27 (revised) and IAS 28 (revised). The amendments to IFRS 10 require investment entities to state controlled portfolio entities at fair value under IAS 39 instead of consolidating such subsidiaries (see (a))
- IFRS 13 Fair Value Measurement ("IFRS 13") (see (b))

The nature and the effect of the significant changes are further explained below.

(a) Subsidiaries

As a result of IFRS 10 (2011), the Company has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its subsidiary companies. IFRS 10 (2011) introduces a new control model that is applicable to all investee companies, by focusing on whether the Company has power over an investee company, exposure or rights to variable returns from its involvement with the investee company and ability to use its power to affect those returns. In particular, IFRS 10 (2011) requires that the Company consolidate investee companies that it controls on the basis of de facto circumstances.

In accordance with the transitional provisions of IFRS 10 (2011), the Company reassessed the control conclusion for its subsidiary companies at 1 June 2013. No changes resulted from this reassessment. The directors consider that the adoption of IFRS 11 and IFRS 12 will not have any impact on the presentation in the financial statements.

1 Reporting entity continued

(b) Fair value measurement

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other IFRS's. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other IFRS's, including IFRS 7 Financial Instruments: Disclosures.

In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement guidance prospectively. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

Change in functional currency

IAS 21 The Effects of Changes in Foreign Exchange Rates describes functional currency as "the currency of the primary economic environment in which an entity operates". A change in functional currency reflects the accumulation over time of those factors which are the main determinants of functional currency. Having considered the aggregate effect of all relevant factors, the directors concluded that the functional currency of Webis Holdings plc had changed from Sterling to US Dollars in the first quarter of this financial year. Accordingly, the change in functional currency of Webis Holdings plc is effective from 1 June 2013.

In accordance with IAS 21 this change has been accounted for prospectively from this date.

Change in presentational currency

Following the development of the US-based pari-mutuel and racetrack operations, the Group's US operations have expanded and become more significant to the results of the Group. The dominant functional currency of the operating subsidiaries is the US Dollar. This is not only driven by US domiciled businesses but also by businesses outside the US, which have a US Dollar functional currency. The Group's revenues, cash flows and economic returns are now principally denominated in US Dollars. Webis Holdings plc has changed the currency in which it presents its consolidated and Parent Company Financial Statements from Sterling to US Dollars, as this will give a more meaningful view of the Group's and Company's financial performance and position.

A change in presentational currency is a change in accounting policy which is accounted for retrospectively. Financial information reported in Sterling in the Group's 2013 Annual Report has been restated into US Dollars using the procedures outlined below:

(a) assets and liabilities denominated in non-US Dollar currencies were translated into US Dollars at closing rates of exchange. Non-US Dollar trading results were translated into US Dollars at average monthly rates of exchange. Differences resulting from the retranslation of the opening net assets and the results for the year of non-US trading subsidiaries have been taken to the foreign currency translation reserve; and

(b) share capital, share premium and capital redemption reserves were translated at the historic rates prevailing at the dates of transactions.

The closing rates for each reporting period included in this report are as follows:

Exchange rates	**2014**	2013	2012
US$/£ — year/period end	**1.6778**	1.5235	1.6031

1 Reporting entity continued

(b) Basis of measurement

The Group consolidated financial statements 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 16, 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 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

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.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

1 Reporting entity continued

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in US Dollars, which is also the Group's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the income statement within 'Other gains/(losses) – net'.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

Revenue recognition and turnover

Turnover represents the amounts staked in respect of bets placed by customers on events which occurred during the year. 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.

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.

Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

1 **Reporting entity** continued

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference is the liability not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes, assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Intangible assets — goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

1 Reporting entity continued

Intangible assets — other

(a) Trademarks and licences

Separately acquired trademarks and licences are shown at historical cost. Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives of three years.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three years.

(b) Website design and development costs

Costs associated with maintaining websites are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique websites controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the website so that it will be available for use;
- management intends to complete the website and use it;
- there is an ability to use the website;
- it can be demonstrated how the website will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use the website are available; and
- the expenditure attributable to the website during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the website include the website employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Website development costs recognised as assets are amortised over their estimated useful lives, which do not exceed three years.

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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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. Depreciation is calculated using the straight-line method to allocate the cost of property, equipment and motor vehicles over their estimated useful lives of three years.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other gains/(losses) – net' in the income statement.

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 payments

The group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price); and
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The Group is not party to any leases that are classified as finance leases.

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.

1 Reporting entity continued

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.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

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 payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Open sports bets

The Group may have at any point in time, an exposure on open 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.

Employee benefits

(a) Pension obligations

The Group does not operate any post-employment schemes, including both defined benefit and defined contribution pension plans.

(b) Short-term employee benefits

Short-term employee benefits, such as salaries, paid absences, and other benefits, are accounted for on an accruals basis over the period in which employees have provided services in the year.

All expenses related to employee benefits are recognised in the statement of comprehensive income in operating costs.

(c) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2 Segmental Analysis

		2014 US$000	2013 US$000
Turnover			
Sportsbook	Asia Pacific	**112,045**	120,937
	Europe	**23,379**	11,372
	UK & Ireland	**15,874**	17,002
	Rest of the World	**5,507**	2,870
Pari-mutuel and Racetrack Operations	United States	**88,852**	86,038
	Asia Pacific	**17,010**	10,074
	Caribbean	**10,330**	15,539
	UK & Ireland	**2,386**	626
	Europe	**464**	220
		275,847	264,678
Total comprehensive income			
Sportsbook		**209**	437
Pari-mutuel and Racetrack Operations		**(39)**	15
Group		**285**	(172)
		455	280
Net assets			
Sportsbook		**(578)**	(787)
Pari-mutuel and Racetrack Operations		**2,980**	3,019
Group		**2,767**	2,513
		5,169	4,745

3 Operating profit

Operating profit is stated after charging:

	2014 US$000	2013 US$000
Auditors' remuneration — audit	**150**	165
Depreciation of property, equipment and motor vehicles	**71**	42
Amortisation of intangible assets	**135**	163
Exchange (gains)/losses	**(351)**	462
Operating lease rentals — other than plant, equipment and Harness Racetrack	**84**	67
Operating lease rentals — Harness Racetrack	**148**	163
Directors' fees	**56**	60

4 Finance income/(costs) — net

	2014 US$000	2013 US$000
Bank interest receivable	**12**	18
Finance income	**12**	18
Bank interest payable	**(3)**	(2)
Loan interest payable	**–**	(30)
Finance costs	**(3)**	(32)
Finance income/(costs) — net	**9**	(14)

5 Staff numbers and cost

	2014	2013
Average number of employees (including directors) – Sportsbook	**20**	19
Average number of employees – Pari-mutuel and Racetrack Operations	**65**	64

The aggregate payroll costs of these persons were as follows:

Sportsbook	**2014 US$000**	2013 US$000
Wages and salaries	**1,016**	931
Social security costs	**107**	93
	1,123	1,024

Pari-mutuel and Racetrack Operations	**2014 US$000**	2013 US$000
Wages and salaries	**1,872**	1,491
Social security costs	**153**	121
	2,025	1,612

6 Income tax expense

	2014 US$000	2013 US$000
Profits before tax	**513**	226
Tax charge at IOM standard rate (0%)	**–**	–
Adjusted for:		
Tax credit for US tax losses (at 15%)	**(95)**	(30)
Add back deferred tax losses not recognised	**95**	30
Tax charge for the year	**–**	–

7 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 year.

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.

	2014 US$000	2013 US$000
Profit for the year	**513**	226

	No.	No.
Weighted average number of ordinary shares in issue	**393,338,310**	330,148,762
Diluted number of ordinary shares	**407,338,310**	344,148,762
Basic and diluted earnings per share (cents)	**0.13**	0.07

8 Intangible assets

	Goodwill	Software & development costs		Total	
	Group	Group	Company	Group	Company
	US$000	US$000	US$000	US$000	US$000
Cost					
Balance at 31 May 2013	169	4,357	50	4,526	50
Additions during the year	–	120	–	120	–
Currency translation differences	17	24	–	41	–
Balance at 31 May 2014	**186**	**4,501**	**50**	**4,687**	**50**
Amortisation and Impairment					
At 31 May 2013	–	4,063	50	4,063	50
Amortisation for the year	–	135	–	135	–
At 31 May 2014	**–**	**4,198**	**50**	**4,198**	**50**
Net book value					
At 31 May 2014	**186**	**303**	**–**	**489**	**–**
At 31 May 2013	169	294	–	463	–

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 licensed 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.

9 Property, equipment and motor vehicles

Group	Computer Equipment US$000	Fixtures, Fittings & Track Equipment US$000	Motor Vehicles US$000	Total US$000
Cost				
At 31 May 2013	2,022	458	34	2,514
Additions	70	25	4	99
Disposals	–	(3)	–	(3)
Currency translation differences	8	2	2	12
At 31 May 2014	**2,100**	**482**	**40**	**2,622**
Depreciation				
At 31 May 2013	1,920	437	11	2,368
Charge for the year	48	12	12	72
Disposals	–	(1)	–	(1)
At 31 May 2014	**1,968**	**448**	**23**	**2,439**
Net book value				
At 31 May 2014	**132**	**34**	**17**	**183**
At 31 May 2013	102	21	23	146

9 Property, equipment and motor vehicles continued

Company	Computer Equipment US$000	Fixtures & Fittings US$000	Total US$000
Cost			
At 31 May 2013	401	120	521
Additions	–	21	21
Disposals	–	–	–
At 31 May 2014	**401**	**141**	**542**
Depreciation			
At 31 May 2013	401	120	521
Charge for the year	–	4	4
At 31 May 2014	**401**	**124**	**525**
Net book value			
At 31 May 2014	**–**	**17**	**17**
At 31 May 2013	–	–	–

10 Investments

Investments in subsidiaries are held at cost. Details of investments at 31 May 2014 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	Dormant	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

11 Bonds and deposits

	Group		Company	
	2014 US$000	2013 US$000	**2014 US$000**	2013 US$000
Bonds and deposits which expire within one year	**1,298**	–	**–**	–
Bonds and deposits which expire within one to two years	**–**	–	**–**	–
Bonds and deposits which expire within two to five years	**704**	206	**–**	–
	2,002	206	**–**	–

A rent deposit of $200,000 was paid to California Exposition & State Fair and is for a term of 5 years (2013: $200,000). $500,000 has been paid as a bond in relation to WatchandWager's Californian ADW licence (2013: $Nil). Rent and security deposits of $3,678 have been paid in relation to office deposits and security and are expected to be in place for at least a minimum of two years (2013: $Nil). A retainer account of $1,289,792 is held with the Hong Kong Jockey Club. A sales tax deposit of $5,850 was paid to the State Board of Equalization and was refunded in June 2014 (2013: $5,850). An annually renewable insurance bond of $2,000 is also in place.

12 Cash and cash equivalents

	Group		Company	
	2014	2013	**2014**	2013
	US$000	US$000	**US$000**	US$000
Cash and cash equivalents – company funds	**3,657**	3,770	**910**	1,392
Cash and cash equivalents – protected player funds	**4,745**	4,020	**4,745**	4,020
Total cash and cash equivalents	**8,402**	7,790	**5,655**	5,412

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.

13 Trade and other receivables

	Group		Company	
	2014	2013	**2014**	2013
	US$000	US$000	**US$000**	US$000
Trade receivables	**590**	554	**–**	–
Other receivables and prepayments	**1,735**	1,361	**97**	65
	2,325	1,915	**97**	65

14 Trade and other payables

	Group		Company	
	2014	2013	**2014**	2013
	US$000	US$000	**US$000**	US$000
Trade payables	**7,591**	4,059	**43**	69
Amounts due to Group undertakings	**–**	–	**2,857**	2,835
Open sports bets	**9**	9	**–**	–
Taxes and national insurance	**42**	52	**–**	–
Accruals and other payables	**573**	1,617	**96**	55
	8,215	5,737	**2,996**	2,959

Amounts due to Group undertakings are unsecured, interest free and repayable on demand. Included within trade payables are amounts due to customers of $7,323,692.

15 Bank loans

	Group		Company	
	2014	2013	**2014**	2013
	US$000	US$000	**US$000**	US$000
Due within one year	**17**	23	**–**	–
Due within one to two years	**–**	15	**–**	–
Due within two to five years	**–**	–	**–**	–
	17	38	**–**	–

The bank loan is provided by Conister Bank Limited (note 20), carries an interest rate of 6.5% per annum on the original principal amount and is fully repayable by 14 January 2015.

16 Share Capital

	No.	2014 US$000	2013 US$000
Allotted, issued and fully paid			
At beginning of year/period: ordinary shares of 1p each	393,338,310	**6,334**	3,690
Issued during the year	–	**–**	2,644
At 31 May: ordinary shares of 1p each	393,338,310	**6,334**	6,334

The authorised share capital of the Company is US$9,619,000 divided into 600,000,000 ordinary shares of £0.01 each.

Options

Open share options during the year ended 31 May 2014 were as follows:

	No.
At 31 May 2014 and 31 May 2013 — 1p ordinary shares	14,000,000

Details of options at 31 May 2014 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 year. The expected life used has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations.

Credit in profit and loss account:

	2014 US$000	2013 US$000
Share options	**31**	–
	31	–

17 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 $8,714 (2013: $8,449) 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 14).

The maximum possible liability on open sports bets is $3.992m (2013: $0.049m).

18 Capital commitments

As at 31 May 2014, the Group had no capital commitments (2013: $Nil).

19 Operating lease commitments

At 31 May 2014, the Group was committed to future minimum lease payments of:

	2014 **US$000**	2013 US$000
Payments due within one year	**226**	226
Payments due between two to five years	**357**	582
Payments due beyond five years	**–**	–

20 Related party transactions

Identity of related parties

The Group has a related party relationship with its subsidiaries (see note 10), 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 $58,861 (2013: $44,777), loan interest of $Nil (2013: $31,633) and directors' fees of $32,192 (2013: $36,759) were charged in the year by Burnbrae Limited of which Denham Eke is a common director. Burnbrae Limited had also provided an unsecured loan which was converted into share capital in the previous year of $1,980,550. A loan of $16,952 was owed to Conister Bank Ltd (note 15) at the year end (2013: $38,484).

Transactions with other related parties

Cash deposits totalling $5,697,311 (2013: $5,564,460) were held with Conister Bank Ltd at the year end.

Transactions with key management personnel

See page 13 for disclosure of Directors' Emoluments.

21 Financial risk management

Capital structure

The Group's capital structure is as follows:

	2014 US$000	2013 US$000
Cash and cash equivalents	**8,402**	7,790
Loans and similar income	**(17)**	(38)
Net funds	**8,385**	7,752
Shareholders' equity	**(5,169)**	(4,745)
Capital employed	**3,216**	3,007

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 Isle of Man Gambling Supervision Commission player protection principles are met. The directors anticipate that the business will continue to generate sufficient cash flow in the forthcoming period to meet its financial obligations.

The Group had an unsecured loan facility with Burnbrae Limited, with an interest rate of base plus 4%, which had not been utilised during the year. During the year ended 31 May 2013 the total loan balance of $1,980,550 was converted into share capital.

The following are the contractual maturities of financial liabilities:

2014

Financial liabilities

	Carrying amount US$000	Contractual cash flow US$000	6 months or less US$000	Up to 1 year US$000	1–5 years US$000
Trade creditors	**7,591**	**(7,591)**	**(7,591)**	**–**	**–**
Income tax and national insurance	**42**	**(42)**	**(42)**	**–**	**–**
Other creditors	**153**	**(153)**	**(153)**	**–**	**–**
	7,786	**(7,786)**	**(7,786)**	**–**	**–**

21 Financial risk management continued

2013

Financial liabilities

	Carrying amount US$000	Contractual cash flow US$000	6 months or less US$000	Up to 1 year US$000	1–5 years US$000
Trade creditors	4,059	(4,059)	(4,059)	–	–
Income tax and national insurance	52	(52)	(52)	–	–
Other creditors	1,157	(1,157)	(1,157)	–	–
	5,268	(5,268)	(5,268)	–	–

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

	2014 US$000	2013 US$000
Cash and cash equivalents	**8,402**	7,790
Trade and other receivables	**2,021**	1,713
	10,423	9,503

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:

	2014 US$000	2013 US$000
Pari-mutuel	**1,841**	1,498
Sportsbook	**180**	215
	2,021	1,713

Of the above receivables, $589,000 (2013: $542,000) 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 (2013: $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.

21 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 interbank 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 Pound Sterling, Swedish Krona 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:

2014	HKD US$ 000	GBP US$ 000	EUR US$ 000	USD US$ 000	SGD US$ 000	NOK US$ 000	DKK US$ 000	AUD US$ 000	CAD US$ 000	CHF US$ 000	CNY US$ 000	SEK US$ 000	Total US$ 000
Current assets	**49**	**3,244**	**195**	**6,168**	**167**	**4**	**7**	**4**	**5**	**2**	**–**	**2,180**	**12,025**
Current liabilities	**(24)**	**(748)**	**(298)**	**(5,188)**	**(90)**	**(3)**	**(1)**	**(4)**	**–**	**–**	**–**	**(1,876)**	**(8,232)**
Short-term exposure	**25**	**2,496**	**(103)**	**980**	**77**	**1**	**6**	**–**	**5**	**2**	**–**	**304**	**3,793**

2013	HKD US$ 000	GBP US$ 000	EUR US$ 000	USD US$ 000	SGD US$ 000	NOK US$ 000	DKK US$ 000	AUD US$ 000	CAD US$ 000	CHF US$ 000	CNY US$ 000	SEK US$ 000	Total US$ 000
Current assets	110	3,614	73	5,355	190	2	8	5	6	5	–	337	9,705
Current liabilities	(41)	(628)	(265)	(4,660)	(85)	(3)	(3)	(5)	(2)	(2)	–	(66)	(5,760)
Short-term exposure	69	2,986	(192)	695	105	(1)	5	–	4	3	–	271	3,945

21 Financial risk management continued

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

A 5% weakening of the US Dollar against the following currencies at 31 May 2014 would have increased equity and profit and loss by the amounts shown below:

2014	**GBP US$000**	**SEK US$000**	**SGD US$000**	**Total US$000**
Current assets	**162**	**109**	**8**	**279**
Current liabilities	**(37)**	**(94)**	**(5)**	**(136)**
Net assets	**125**	**15**	**3**	**143**

2013	GBP US$000	SEK US$000	SGD US$000	Total US$000
Current assets	181	17	10	208
Current liabilities	(31)	(3)	(4)	(38)
Net assets	150	14	6	170

A 5% strengthening of the US Dollar 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.

22 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%.

23 Post balance sheet events

There have been no material events since the end of the reporting period that require disclosure in the accounts.

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 19 December 2014 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 year ended 19 May 2014.

2 To re-elect as a director Mr Garry Knowles 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 auditors 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.

6 That, subject to the confirmation of the High Court of Justice of the Isle of Man pursuant to Section 57 of the Companies Act 1931, the share premium account of the Company be cancelled and reduced to nil and that all sums standing to the credit of the share premium account as at the date of this resolution be transferred to distributable reserves.

As Ordinary Resolutions

7 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 39,333,831;

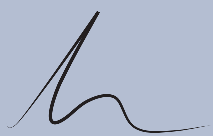
(b) the minimum price that may be paid for the shares is 1 pence;

(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

(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.

8 That the Report of the remuneration committee be received and adopted.

By order of the Board



Chris Allen
Secretary
19 November 2014
Registered Office: Viking House
Nelson Street, Douglas
Isle of Man, IM1 2AH

Notice of Meeting continued

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 his or her 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 17 December 2014 shall be entitled to attend and vote at the meeting. Changes to the register after 6 pm on 17 December 2014 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
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Legal Advisers
Appleby (Isle of Man) LLC
33–37 Athol Street
Douglas, Isle of Man
IM1 1LB

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UK Registrar
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