Webis Holdings plc

Global Gaming Group

Annual Report and Consolidated Financial Statements for the year ended 31 May 2017

AIM Stock Code: WEB

Webis Holdings plc

Contents

Group at a Glance

Webis Holdings plc operates two primary segments within its Group structure: -

WatchandWager.com Ltd and WatchandWager.com LLC – Advanced Deposit Wagering ("ADW")

WatchandWager.com LLC – Cal Expo Harness Racetrack

WatchandWager.com Ltd is regulated in the Isle of Man and operates a totalisator wagering hub through its United States Tote supplier, which enables it to conduct its ADW business by passing wagers directly into global racetrack betting pools in real time.

WatchandWager.com LLC has its operational base in Lexington, Kentucky, with its head office in Larkspur, California, and provides pari-mutuel wagering, or pool-betting, services through a number of distribution channels to a global client base. The company holds United States pari-mutuel licences for its ADW business in the US, issued by the States of by North Dakota, California, Maryland, Colorado, Minnesota, New York, Washington and Kentucky. 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, France, Canada, United Kingdom, Ireland, and Australia amongst others. It provides wagering facilities to customers through its interactive website, *watchandwager.com*, as well as offering a business-to-business wagering product and a telephone call centre.

WatchandWager.com LLC also 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 the Isle of Man licence, client funds for the Isle of Man licensed companies are held in fully protected segregated client accounts within an Isle of Man regulated bank.

Chairman's Statement

Introduction

I am pleased to report a continued significantly improved trading performance from our core business, WatchandWager.com ("WatchandWager") over the financial year, with a substantial increase in turnover and gross profit. This resulted in a reversal of previous losses, and an important return to overall profitability, albeit a small one. This continues the positive trends that we reported in the second half of the previous financial year and the first six months of this year. In short there is some sustained momentum behind the various sectors of the business from our various US bases, and we are optimistic for the future.

Most importantly, WatchandWager's two core business units, namely "Business to Consumer" and "Business Trading" both performed well with marked increases in turnover and gross profit returned from both sectors. Our core website, *watchandwager.com* and our mobile product performed well, with an increase in player numbers using the site, and particularly on mobile. This unit remains our core focus going forward. That said Business Trading also performed very well, with a large increase in turnover across the period. Against that our racetrack operation at Cal Expo harness racing experienced a tougher year, with poor weather in the Northern California area during the months that we ran the races, so increasing our costs and limiting betting turnover.

Year End Results Review

Group turnover for the year ended 31 May 2017 was US$ 371.9 million (2016: US$224.3 million) – a growth of over 65% on operations. Gross Profit increased by 30.6% to US$5.3 million (2017: US$4.1 million), reversing the decline of prior year. This, in turn, led to a small profit on the year, against a loss of over US$1.2m in financial year 2016.

Operating costs were US$5.3 million: up 5% on 2016 (2016: US$ 5.0 million). The increase in costs included further investment in new staff, particularly in Lexington, as well as the costs of meeting global compliance and regulatory requirements, a vital area for the prudential growth of the business.

As a result, our Profit from operations was US$5 thousand, a turnaround from the 2016 loss of US$1.2 million. This provided a basic and diluted breakeven per share for continuing operations (2016: loss of 31 cents).

Shareholder equity remains constant at US$1.9 million (2016: US$1.9 million). Total cash stands at US$15.1 million (2016: US$6.4 million), which includes a ring-fenced amount of US$1.2 million (2016: US$0.9 million) held as protection against our player liability as required under Isle of Man gambling legislation. An amount of US$3.0 million (2016: US$2.6 million) is held as bonds and deposits with other regulatory authorities on behalf of players.

WatchandWager
Business to Consumer
www.watchandwager.com/mobile

We continue to make satisfactory progress in this area, initially only allocating a relatively modest marketing budget to new player acquisition. Our core success has been in reactivating our lapsed database, and we have seen good growth from this initiative. This growth has been augmented by carefully judged bonusing and promotional offers to our clients, utilising SMS, mail and social media outlets, with a content focus on daily cash back and bonuses to clients, hence our slogan "*Get Paid to Play*", where we believe we have a competitive advantage.

We continue to make big improvements in payment processing, with improved acceptance rates from our USA suppliers across most methods, and now have a range of payment options which are at least on a par if not superior to our competitors. All our providers are based in North America and this has assisted successful acceptance rates with US banks.

On the technology front, our new website/mobile site was launched on July 17, 2017. We are pleased with the performance of the new product and our team continue to make good progress in content acquisition. As a result, we are widely regarded as having the most comprehensive racecourse content of any operator in our sector in the world.

As a result of this, in early 2017 we launched a sub-brand named "*WatchandWager Worldwide*" aimed at promoting international racing to our US player base. This has been well received both by our US players, and equally importantly, by our content providers who wish to see new regular US players betting their product.

During the year, we won new licenses in the States of Kentucky and New York, as well as renewing multiple other licenses in the US. This is integral to our growth strategy in this area.

Business to Business ("Business Trading")

WatchandWager recently rebranded the Business to Business sector of its operations as *Business Trading* to more accurately reflect its operations, namely the provision of pari-mutuel (pool) wagering to high-roller clients, many of whom specialise in algorithmic or computer assisted trading on a wide range of global racetracks.

The turnover for the full year was boosted by significant high-volume player activity through its access into pools, primarily with the Hong Kong Jockey Club and the French PMU, but also other markets in the USA, Canada, Australia, UK and Ireland.

Chairman's Statement continued

Business to Business ("Business Trading")

We have proved successful in broadening our relationships directly with known player groups. As a result, our spread of risk and reliance on one group or player is now considered to be at a more acceptable level.

The Business to Business high volume wagering sector has become increasingly competitive over the years, with other operators and player agents providing third party services, and increased racetrack fees being charged in return for access to racetrack wagering and video streaming rights. In addition, the sector remains volatile, with it always being subject to changes in player or aggregator activities, as well as changes in the policies of key content providers. This is further commented upon in the Outlook section.

Cal Expo Racetrack

Cal Expo, our Sacramento based harness racetrack operation, unfortunately had a weaker October to May season than previously experienced and budgeted during the fourth year of operation under our control.

There were several factors leading to this downturn, the major one being the poor weather in the Sacramento area during the period, with the much reported El Niňo-driven Northern California winter. This not only disrupted race days, reduced field sizes, but most importantly increased our operating costs, especially in providing replacement staff and equipment at short notice. This situation is hopefully a one-off for the Sacramento area.

The other concern was the general decline in betting handle throughout California from other tracks, which reduced our commissions off the track and is a concern for the industry generally.

On a more positive note, our staff performed excellently during a tough winter, and it was a credit to the operation that there were no major Health & Safety issues throughout the entire season.

Post Year, Strategy and Regulatory Developments

The Board is pleased to confirm that the positive progress across the business has continued into the first four months of the new Financial year – namely the four months ending September 2017.

We have made satisfactory progress in our Business to Consumer operation, and as stated, finally relaunched our website and mobile product in early July 2017. The new product has proved very stable and well received by clients. Based on that we increased our level of marketing spend through the summer of key Festival race days in the USA and were rewarded by a record number of active players on the site, with our marketing focused on Travers Stakes day at Saratoga New York in August 2017.

We see Business to Consumer as critical to the success of the company. In the short term, we are focused on core Autumn/Winter race promotions and increasing our social Media presence especially via Facebook. We are aware that we need to bolster our team and level of expertise in this area, either through direct hires or agency relationships, and this is something the Executive team are actively working on.

In relation to *Business Trading*, turnover has continued to grow in the first four months of the year. That said, we are aware of the volatile and competitive nature of this business sector, and our need to expand our range of clients to reduce risk. As a result, we have recently relaunched a new informational website, namely *wawbusiness trading*. This is an informative site, designed to bring new players into the market focused on appealing to day traders or other algorithmic traders, perhaps new to horse betting pools. It is early days with this initiative, but we will be testing some marketing of the site via social media in the forthcoming months.

During the period, we also renewed our two key software and middleware contracts, namely with i-neda, based in Farnborough, UK and AmTote International, based in Maryland, USA respectively. We continue to enjoy good working relationships with these companies, both of whom are vested in our success.

In August 2017, we successfully renewed our five-year license with the Isle of Man Gambling Supervision Commission. In addition, we have been busy renewing our multiple core USA licenses for 2018, many of which are annually renewable. We expect all these renewals to be approved in line with expectations.

USA regulated gaming

The Board continued to regularly monitor the progress of properly licensed gambling in the USA, but without committing funds to lobbying. This has proved a successful strategy over the past five years as progress has been slow on a Federal and State level.

We have been encouraged by recent progress and the forthcoming Supreme Court hearing on Sports betting, likely to be held early December, the outcome of which could become a game changer for the USA industry. As a licensed US operator with multiple business strands across almost all the key regulated States in the USA, as well as being well connected in international markets, the Board are aware we stand in an advantageous position to exploit opportunities as they arise.

Within the US and international pool betting market, the Board is very aware that consolidation is a key factor with the bigger getting bigger, similar to the trends being seen in Europe. As a result, the Board continues to assess acquisition opportunities that will assist in developing those economies of scale and for the additional benefit of shareholders.

Chairman's Statement continued

Summary Outlook

In summary, the Board are encouraged by the increase in activity, turnover and most importantly a reversal of previous losses into a profit, albeit small. We believe the company has turned a corner in relation to performance, although are mindful of some of the challenges that may lie ahead. Most importantly the Board believe the strategies for growth are the correct ones, and are regulatory compliant, which is critical in this sector.

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

Denham Eke
Non-executive Chairman
20 November 2017

The Board of Directors

Denham Eke, aged 66
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 mining, leisure, manufacturing and financial services sectors.

Denham Eke was appointed Non-executive Chairman in April 2003.

Ed Comins, aged 48
Managing 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.

Ed Comins joined the Board in May 2010.

Nigel Caine, aged 47
Non-executive Director

Nigel Caine is the Chief Financial Officer for Burnbrae Group Limited. He is a Fellow of the Association of Chartered Certified Accountants and a Member of both the Chartered Institute of Securities and Investments and the Institute of Chartered Secretaries and Administrators. He also holds an MBA from the University of Wales. Nigel began his career in audit and transaction services with KPMG and Deloitte. Before joining Burnbrae Group Limited in 2014, Nigel was the Chief Financial Officer for Speymill Deutsche Immobilien Company Plc.

Nigel Caine joined the Board in June 2015.

Sir James Mellon, aged 88
Non-executive Director

Sir James Mellon is a former diplomat who began his career with the Department of Agriculture for Scotland before moving on to several varied roles including Head of Trade Relations and Export Dept (TRED); FCO; UK Ambassador to Denmark; 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 consolidated financial statements for the year ended 31 May 2017.

Principal activities
The Group operates:

- a pari-mutuel service to individual and business customers; and
- 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 pari-mutuel events.

A more detailed review of the business, its results and future developments is in the Chairman's Statement on page 3.

Proposed dividend
The directors do not propose the payment of a dividend (2016: $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 15 days (2016: 9 days) of 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:

Denham Eke	Non-executive Chairman
Ed Comins	Managing Director
Nigel Caine	Non-executive Director
Sir James Mellon	Non-executive Director

The Director retiring by rotation is Nigel Caine 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 2017	Interest at start of year 2016	**Interest at end of year 2017**	Interest at start of year 2016
Denham Eke [1]	**—**	—	—	—
Ed Comins	**—**	—	14,000,000	14,000,000
Nigel Caine	**—**	—	—	—
Sir James Mellon	**—**	—	—	—

[1] Denham Eke is Managing Director of Burnbrae Limited which holds 248,204,442 ordinary shares representing 63.10% 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 23 July 2017, the following interests in 3% or more of the Company's ordinary share capital had been reported:

	%	Number of ordinary shares
Burnbrae Limited	63.10	248,204,442
BBHISL Nominees Ltd	7.54	29,651,666
Vidacos Nominees Limited	5.08	20,000,000

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 $42,928 during the year (2016: $29,899).

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

Ed Comins
Managing Director
20 November 2017

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.

As an Isle of Man registered company there is no requirement to produce a corporate governance report. However, the Board follows best practice and therefore has prepared such a report. 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 one executive and three 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 3, 4 and 5 and the Directors' Report on pages 7 and 8. These enable the Board to present a balanced and understandable assessment of the Group's position and prospects. The directors' responsibilities for the financial statements are described on page 11.

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

Corporate Governance continued

Internal Control continued

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 20, 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 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 financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.

The 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 as adopted by the EU; 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. 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
The service contract of Ed Comins provided for a notice period of six months.

Aggregate Directors' Remuneration
The total amounts for directors' remuneration were as follows:

		2017 US$000	2016 US$000
Emoluments	— salaries, bonuses and taxable benefits	**343**	332
	— fees	**66**	77
		409	409

Report of the Remuneration Committee continued

Directors' Emoluments

	Basic salary US$000	Fees US$000	Bonus US$000	Termination payments US$000	Benefits US$000	**2017 Total US$000**	2016 Total US$000
Executive							
Ed Comins	310	—	—	—	33	**343**	332
Non-executive							
Denham Eke*	—	26	—	—	—	**26**	30
Nigel Caine*	—	21	—	—	—	**21**	24
Sir James Mellon	—	19	—	—	—	**19**	23
Aggregate emoluments	310	66	—	—	33	**409**	409

* Paid to Burnbrae Limited.

Details of the options outstanding at 31 May 2017 are as follows:

Name of director	31 May 2016	Granted / (lapsed) in year	**31 May 2017**	Exercise price	Date from which exercisable	Expiry date
Ed Comins						
2016 Share Option Plan	**14,000,000**	**—**	**14,000,000**	1p	3 March 2019	3 March 2026
	14,000,000	**—**	**14,000,000**			

The market price of the shares at 31 May 2017 was 1.225p. The range during the year was 2.400p to 0.806p.

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

Denham Eke
Non-executive Chairman
20 November 2017

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 2017 which comprise the Consolidated Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group and Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows 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 auditors' 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 Statement of Directors' Responsibilities 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.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 Company's affairs as at 31 May 2017 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 the 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
Chartered Accountants
Heritage Court, 41 Athol Street
Douglas, Isle of Man, IM99 1HN
20 November 2017

Webis Holdings plc

Consolidated Statement of Comprehensive Income

For the year ended 31 May 2017

	Note	**2017 US$000**	2016 US$000
Continuing operations			
Turnover	2	**371,938**	224,313
Cost of sales		**(366,095)**	(219,826)
Betting duty paid		**(497)**	(393)
Gross profit		**5,346**	4,094
Operating costs		**(5,295)**	(5,042)
Operating profit/(loss)	3	**51**	(948)
Other losses – net		—	(50)
Re-organisational costs, impairments and one-off costs		**(36)**	(231)
Finance income	4	—	—
Finance costs	4	**(10)**	(1)
Finance costs		**(10)**	(1)
Profit/(loss) before income tax		**5**	(1,230)
Income tax expense	6	—	—
Profit/(loss) from continuing operations		**5**	(1,230)
Discontinued operations			
Loss from discontinued operations	7	—	(12)
Profit/(loss) for the year		**5**	(1,242)
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences on disposal of foreign subsidiaries		**—**	**—**
Other comprehensive income for the year		—	—
Total comprehensive income for the year		**5**	(1,242)
Basic earnings per share for loss attributable to the equity holders of the Company during the year (cents) – all operations	8	**0.00**	(0.32)
Diluted earnings per share for loss attributable to the equity holders of the Company during the year (cents) – all operations	8	**0.00**	(0.31)
Basic and diluted earnings per share for loss attributable to the equity holders of the Company during the year (cents) – continuing operations	8	**0.00**	(0.31)

The notes on pages 19 to 36 form part of these financial statements.

Statements of Financial Position

As at 31 May 2017

	Note	**31.05.17 Group US$000**	**31.05.17 Company US$000**	31.05.16 Group US$000	31.05.16 Company US$000
Non-current assets					
Intangible assets	9	**105**	**—**	113	—
Property, equipment and motor vehicles	10	**109**	**16**	160	4
Investments	11	**—**	**7**	—	3
Bonds and deposits	12	**103**	**—**	105	—
Total non-current assets		**317**	**23**	378	7
Current assets					
Bonds and deposits	12	**2,863**	**—**	2,499	—
Trade and other receivables	14	**3,071**	**35**	2,671	37
Cash and cash equivalents	13	**15,072**	**2,414**	6,445	4,974
Total current assets		**21,006**	**2,449**	11,615	5,011
Total assets		**21,323**	**2,472**	11,993	5,018
Equity					
Called up share capital	17	**6,334**	**6,334**	6,334	6,334
Share option reserve	17	**2**	**2**	**—**	**—**
Retained losses		**(4,397)**	**(5,374)**	(4,402)	(5,352)
Total equity		**1,939**	**962**	1,932	982
Current liabilities					
Trade and other payables	15	**18,884**	**1,010**	10,061	4,036
Total current liabilities		**18,884**	**1,010**	10,061	4,036
Non-current liabilities					
Loans	16	**500**	**500**	**—**	**—**
Total non-current liabilities		**500**	**500**	**—**	**—**
Total liabilities		**19,384**	**1,510**	10,061	4,036
Total equity and liabilities		**21,323**	**2,472**	11,993	5,018

The financial statements were approved by the Board of directors on 20 November 2017

Denham Eke **Ed Comins**

Non-executive Chairman **Managing Director**

The notes on pages 19 to 36 form part of these financial statements.

Statements of Changes in Equity

For the year ended 31 May 2017

Group	Called up share capital US$000	Share option reserve US$000	Retained earnings US$000	Total equity US$000
Balance as at 31 May 2015	6,334	—	(3,160)	3,174
Total comprehensive income for the year:				
Loss for the year	—	—	(1,242)	(1,242)
Transactions with owners:				
Share-based payment expense	—	—	—	—
Balance as at 31 May 2016	6,334	—	(4,402)	1,932
Total comprehensive income for the year:				
Profit for the year	—	—	5	5
Transactions with owners:				
Share-based payment expense	—	2	—	2
Balance as at 31 May 2017	**6,334**	**2**	**(4,397)**	**1,939**

Company	Called up share capital US$000	Share option reserve US$000	Retained earnings US$000	Total equity US$000
Balance as at 31 May 2015	6,334	—	(5,119)	1,215
Total comprehensive income for the year:				
Loss for the year	—	—	(233)	(233)
Transactions with owners:				
Share-based payment expense	—	—	—	—
Balance as at 31 May 2016	6,334	—	(5,352)	982
Total comprehensive income for the year:				
Loss for the year	—	—	(22)	(22)
Transactions with owners:				
Share-based payment expense	—	2	—	2
Balance as at 31 May 2017	**6,334**	**2**	**(5,374)**	**962**

The notes on pages 19 to 36 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 May 2017

	Note	**2017 US$000**	2016 US$000
Cash flows from operating activities			
Profit/(loss) before income tax		**5**	(1,242)
Adjustments for:			
- Depreciation of property, equipment and motor vehicles	10	**71**	74
- Amortisation of intangible assets	9	**66**	107
- Finance costs		**10**	1
- Share option reserve movement		**2**	—
- Foreign exchange losses on exchange movements		**508**	143
Changes in working capital:			
- Increase in receivables		**(400)**	(92)
- Increase in payables		**8,823**	1,620
Cash flows from operations		**9,085**	611
Finance income		**—**	—
Bonds and deposits placed in the course of operations	12	**(362)**	41
Net cash generated from operating activities		**8,723**	652
Cash flows from investing activities			
Purchase of intangible assets	9	**(60)**	(51)
Purchase of property, equipment and motor vehicles	10	**(26)**	(118)
Cost of closure of discontinued operation		**—**	(12)
Net cash used in investing activities		**(86)**	(181)
Cash flows from financing activities			
Interest paid		**(10)**	(1)
Loans received	16	**500**	—
Net cash generated from / (used in) financing activities		**490**	(1)
Net increase in cash and cash equivalents		**9,127**	470
Cash and cash equivalents at beginning of year		**6,445**	6,103
Exchange losses on cash and cash equivalents		**(500)**	(128)
Cash and cash equivalents at end of year		**15,072**	6,445

The notes on pages 19 to 36 form part of these financial statements.

Notes to the Financial Statements
For the year ended 31 May 2017

1 Reporting entity (the "Company")
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 Webis Holdings plc consolidated financial statements as at and for the year ended 31 May 2017 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 ("IFRS") and its interpretations as adopted by the European Union.

Adoption of new and revised IFRS
During the current year the Group adopted all the new and revised IFRS that are relevant to its operation and are effective for accounting periods beginning on 1 June 2016. This adoption did not have a material effect on the accounting policies of the Group.

Standards and interpretations in issue not yet adopted
A number of new standards, amendments to standards and interpretations are not yet effective for the year, and have not been applied in preparing these consolidated financial statements:

New/revised International Accounting Standards / International Financial Reporting Standards ("IAS/IFRS")	**Effective date** (accounting periods commencing on or after)
Annual improvements to IFRS 2014-2016 (Amendments to IFRS12)	*1 January 2017*
Disclosure Initiative (Amendments to IAS7)	*1 January 2017*
Amendments resulting from Annual Improvements 2014-2016 Cycle (clarifying scope)	*1 January 2017*
IFRS 9 Financial Instruments	*1 January 2018*
IFRS 15 Revenue from Contracts with Customers	*1 January 2018*
IFRS 16 Leases	*1 January 2019*

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

There has been no material impact on the Group financial statements of new standards/interpretations that have come into effect during the current reporting period.

Functional and presentational currency
These financial statements are presented in US Dollars which is the Group's primary functional currency and its presentational currency. Financial information presented in US Dollars has been rounded to the nearest thousand. All continued operations of the Group have US Dollars as their functional currency.

(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 17, are the most appropriate for the Group.

The Directors consider the only critical judgement area to be the valuation of share options, as disclosed in note 17.

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

Notes to the Financial Statements continued

1.1 Basis of preparation continued

Going concern

As noted within the Chairman's Statement, the Group has returned to profitability and continues to report strong growth in the period to date. Further broadening its client base and expanding its business to customer base are key priorities for the Group in achieving its goal of profitability and maintaining adequate liquidity in order to continue its operations. The Directors continue to assess all strategic options in this regard, albeit that the ultimate success of strategies adopted is difficult to predict. Notwithstanding the losses incurred in previous years, the Directors have prepared projected cash flow information for the next 12 months and believe that the Group has adequate resources to meet its obligations as they fall due. Accordingly, the Directors consider that it is appropriate that the financial statements are prepared on a going concern basis.

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 the Group. 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 the 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.

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 'Finance costs'. All other foreign exchange gains and losses are presented in the income statement within 'Other 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 pay-out to customers, together with betting duty payable and commissions and royalties payable to agents and suppliers of software.

Notes to the Financial Statements continued

1.2 Summary of significant accounting policies continued

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 Board and 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 Board and 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.

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 reporting date in the countries where the Group operates and generates 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 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 tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting 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.

Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations; and
- is part of a single co-ordinated plan to dispose, or discontinue, a separate major line of business or geographic area of operations.

Classification as a discontinued operation occurs at the earlier of disposal, permanent cessation of activities or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

Notes to the Financial Statements continued

1.2 Summary of significant accounting policies continued

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.

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 (losses)/gains – net' in the income statement.

Notes to the Financial Statements continued

1.2 Summary of significant accounting policies 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.

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

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

Financial instruments

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

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

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.

Notes to the Financial Statements continued

1.2 Summary of significant accounting policies continued

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.

Borrowings

Interest-bearing 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.

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

		2017 US$000	2016 US$000
Turnover			
Pari-mutuel and Racetrack Operations	Asia Pacific	**269,462**	130,777
	North America	**91,683**	81,273
	Europe	**6,403**	7,353
	British Isles	**4,390**	4,910
		371,938	224,313
Total comprehensive income – continuing operations			
Pari-mutuel and Racetrack Operations		**34**	(1,071)
Group		**(29)**	(159)
		5	(1,230)

Notes to the Financial Statements continued

2 Segmental analysis continued

	2017 US$000	2016 US$000
Net assets		
Pari-mutuel and Racetrack Operations	**877**	843
Group	**1,062**	1,089
	1,939	1,932

3 Operating profit/(loss)

Operating profit/(loss) is stated after charging:

	2017 US$000	2016 US$000
Auditors' remuneration — audit	**87**	80
Depreciation of property, equipment and motor vehicles	**71**	74
Amortisation of intangible assets	**66**	107
Exchange losses	**–**	50
Operating lease rentals — other than plant, equipment and Harness Racetrack	**–**	16
Operating lease rentals — Harness Racetrack	**86**	94
Directors' fees	**66**	77

4 Finance costs

	2017 US$000	2016 US$000
Bank interest receivable	**–**	**–**
Finance income	**–**	**–**
Bank interest payable	**–**	**–**
Loan interest payable	**(10)**	**(1)**
Finance costs	**(10)**	**(1)**
Finance costs	**(10)**	**(1)**

5 Staff numbers and cost

	2017	2016
Average number of employees – Pari-mutuel and Racetrack Operations	**68**	58

The aggregate payroll costs of these persons were as follows:

Pari-mutuel and Racetrack Operations	2017 US$000	2016 US$000
Wages and salaries	**1,939**	1,871
Social security costs	**132**	135
	2,071	2,006

Notes to the Financial Statements continued

6 Income tax expense

	2017 US$000	2016 US$000
Profit/(loss) before tax	**5**	(1,242)
Tax charge at IOM standard rate (0%)	**–**	–
Adjusted for:		
Tax credit for US tax losses (at 15%)	**(62)**	(161)
Add back deferred tax losses not recognised	**62**	161
Tax charge for the year	–	–

The maximum deferred tax asset that could be recognised at year end is US$547,000 (2016: US$485,000). The Group has not recognised any asset.

7 Discontinued operations

In March 2015, the Group ceased its Sportsbook and Casino operations transacted through betinternet.com (IOM) Ltd, B.E. Global Services Ltd and betinternet.com N.V., due to regulatory changes in its primary geographical market that would have affected its ability to remain competitive and profitable.

The comparative Consolidated Statement of Comprehensive Income shows the discontinued operation separately from continuing operations.

(a) Results of discontinued operations

	2017 US$000	2016 US$000
Turnover	**–**	**–**
Expenses	**–**	(12)
Results from operating activities	**–**	(12)
Fixed assets written off	–	**–**
Other comprehensive income:		
Currency translation differences on closure of foreign subsidiaries	**–**	**–**
Loss for the year	**–**	(12)

The result from discontinued operations of US$Nil (2016: loss of US$12,000) is attributable entirely to the owners of the Company. The profit from continuing operations of US$5,000 (2016: loss of US$1,230,000) is also attributable entirely to the owners of the Company.

(b) Cash flows used in discontinued operations

	2017 US$000	2016 US$000
Net cash used in operating activities	**–**	(12)
Net cash used in investing activities	**–**	**–**
Net cash flow for the year	**–**	(12)

Notes to the Financial Statements continued

7 Discontinued operations continued

(c) Effect of discontinued operations on the financial position of the Group

	2017 US$000	2016 US$000
Closure costs paid from Group funds	**–**	(12)
Net liabilities	**–**	(12)
Cash and cash equivalents disposed of	**–**	–
Net cash outflow	**–**	(12)

The above represents costs met by Group in relation to the administration costs of the discontinued operations at the year end.

8 Earnings per ordinary share

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

	2017 US$000	2016 US$000
Profit/(loss) for the year – all operations	**5**	(1,242)
Profit/(loss) for the year – continuing operations	**5**	(1,230)
Profit/(loss) for the year – discontinued operations	**–**	(12)

	No.	No.
Weighted average number of ordinary shares in issue	**393,338,310**	393,338,310
Dilutive element of share options if exercised (note 17)	**14,000,000**	4,536,500
Diluted number of ordinary shares	**407,338,310**	397,874,810
Basic earnings per share – all operations	**0.00**	(0.32)
Diluted earnings per share – all operations	**0.00**	(0.31)
Basic and diluted earnings per share – continuing operations	**0.00**	(0.31)
Basic earnings per share – discontinued operations	**0.00**	(0.01)

The earnings applied are the same for both basic and diluted earnings calculations per share as there are no dilutive effects to be applied.

Notes to the Financial Statements continued

9 Intangible assets

	Goodwill	Software & development costs		Total	
	Group US$000	Group US$000	Company US$000	Group US$000	Company US$000
Cost					
Balance at 31 May 2016	177	1,296	50	1,473	50
Additions during the year	–	60	–	60	–
Currency translation differences	–	(2)	–	(2)	–
Balance at 31 May 2017	**177**	**1,354**	**50**	**1,531**	**50**
Amortisation and Impairment					
At 31 May 2016	177	1,183	50	1,360	50
Amortisation for the year	–	66	–	66	–
Impairment of goodwill	–	–	–	–	–
At 31 May 2017	**177**	**1,249**	**50**	**1,426**	**50**
Net book value					
At 31 May 2017	**–**	**105**	**–**	**105**	**–**
At 31 May 2016	–	113	–	113	–

The goodwill balance brought forward relates to the historical acquisition of subsidiary businesses. The goodwill balances were fully impaired during the year ended 31 May 2015. The Group tests intangible assets annually for impairment or more frequently if there are indications that the intangible assets may be impaired (see note 1).

10 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 2016	582	561	47	1,190
Additions during the year	1	21	4	26
Currency translation differences	(4)	(2)	–	(6)
At 31 May 2017	**579**	**580**	**51**	**1,210**
Depreciation				
At 31 May 2016	535	474	21	1,030
Charge for the year	11	51	9	71
At 31 May 2017	**546**	**525**	**30**	**1,101**
Net book value				
At 31 May 2017	**33**	**55**	**21**	**109**
At 31 May 2016	47	87	26	160

Notes to the Financial Statements continued

10 Property, equipment and motor vehicles continued

Company	Computer Equipment US$000	Fixtures & Fittings US$000	Total US$000
Cost			
At 31 May 2016	401	141	542
Additions	18	–	18
Currency translation differences	–	(2)	(2)
At 31 May 2017	**419**	**139**	**558**
Depreciation			
At 31 May 2016	401	137	538
Charge for the year	2	2	4
At 31 May 2017	**403**	**139**	**542**
Net book value			
At 31 May 2017	**16**	**–**	**16**
At 31 May 2016	–	4	4

11 Investments

Investments in subsidiaries are held at cost. Details of investments at 31 May 2017 are as follows:

Subsidiaries	Country of incorporation	Activity	Holding (%)
WatchandWager.com Limited	Isle of Man	Operation of interactive wagering totaliser hub	100
WatchandWager.com LLC	United States of America	Operation of interactive wagering totaliser hub and harness racetrack	100
Technical Facilities & Services Limited	Isle of Man	Dormant	100
betinternet.com (IOM) Limited	Isle of Man	Dormant	100
betinternet.com NV	Netherlands Antilles	Dormant	100
B.E. Global Services Limited	Isle of Man	Dormant	100

Notes to the Financial Statements continued

12 Bonds and deposits

	Group		Company	
	2017 US$000	2016 US$000	**2017 US$000**	2016 US$000
Bonds and deposits which expire within one year	**2,863**	2,499	**–**	–
Bonds and deposits which expire within one to two years	**2**	–	**–**	–
Bonds and deposits which expire within two to five years	**101**	105	**–**	–
	2,966	2,604	**–**	–

A rent deposit of US$100,000 is held by California Exposition & State Fair and is for a term of 5 years (2016: US$100,000). Cash bonds of US$925,000 has been paid as security deposits in relation to various US State ADW licences (2016: US$500,000). Rent and other security deposits total US$12,081 (2016: US$71,462).

Under the terms of the licencing agreement with the Hong Kong Jockey Club the Company is required to hold a retention amount of US$1,929,285 / HK$15,000,000 (2016: US$1,932,019 / HK$15,000,000).

13 Cash and cash equivalents

	Group		Company	
	2017 US$000	2016 US$000	**2017 US$000**	2016 US$000
Cash and cash equivalents – company and other funds	**13,827**	5,538	**1,169**	4,067
Cash and cash equivalents – protected player funds	**1,245**	907	**1,245**	907
Total cash and cash equivalents	**15,072**	6,445	**2,414**	4,974

The Group holds funds for operational requirements and for its non-Isle of Man customers, shown as ‘company and other 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.

14 Trade and other receivables

	Group		Company	
	2017 US$000	2016 US$000	**2017 US$000**	2016 US$000
Trade receivables	**2,275**	1,546	**–**	–
Other receivables and prepayments	**796**	1,125	**35**	37
	3,071	2,671	**35**	37

Notes to the Financial Statements continued

15 Trade and other payables

	Group		Company	
	2017 US$000	2016 US$000	**2017 US$000**	2016 US$000
Trade payables	**18,439**	9,724	**11**	15
Amounts due to Group undertakings	**–**	–	**962**	3,994
Taxes and national insurance	**31**	52	**2**	2
Accruals and other payables	**414**	285	**35**	25
	18,884	10,061	**1,010**	4,036

Amounts due to Group undertakings are unsecured, interest free and repayable on demand. Included within trade payables are amounts due to customers of US$18,324,542 (2016: US$9,656,431).

16 Loans

	Group		Company	
	2017 US$000	2016 US$000	**2017 US$000**	2016 US$000
Loan – Galloway Ltd	**500**	**–**	**500**	–
	500	**–**	**500**	**–**

A loan of $500,000 was received from Galloway Ltd in February 2017, to provide financing for cash-backed bonding agreements. The loan is for a term of five years, attracts interest at 7.75% per annum and is secured over the unencumbered assets of the company (see note 20).

17 Share capital

	No.	**2017 US$000**	2016 US$000
Allotted, issued and fully paid			
At beginning and close of year: ordinary shares of 1p each	393,338,310	**6,334**	6,334
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 (2016: US$9,619,000 divided into 600,000,000 ordinary shares of £0.01 each).

Notes to the Financial Statements continued

17 Share capital continued

Options

Movements in share options during the year ended 31 May 2017 were as follows:

	No.
At 31 May 2016 – 1p ordinary shares	14,000,000
Options granted	–
Options lapsed	–
Options exercised	–
At 31 May 2017 – 1p ordinary shares	14,000,000

During the previous year the Group established an equity-settled share based option program. The fair value of options granted is recognised as an expense, with a corresponding increase in equity. The fair value is measured at grant date using a Black-Scholes model and is spread over the vesting period. The amount recognised in equity is adjusted to reflect the actual number of share options which are expected to vest. The volatility of the options is calculated at 75%, with a risk free interest rate of 0.86%.

The options were issued on 3 March 2016 to Ed Comins, Managing Director of the Group. The fair value of each option on the grant date was estimated as being £0.0022. The options are able to be exercised from 3 March 2019 and expire on 2 March 2026. The weighted average exercise price of all options is £0.01.

The charge for share options recorded in profit and loss for the year was US$1,986 (2016: US$457), with the corresponding amount reflected in the share option reserve in the Statement of Financial Position and Statement of Changes in Equity.

18 Capital commitments

As at 31 May 2017, the Group had capital commitments of US$53,500, of which US$32,500 related to a new player website and US$21,000 to a new player management system (2016: US$Nil).

19 Operating lease commitments

At 31 May 2017, the Group was committed to future minimum lease payments of:

	2017 US$000	2016 US$000
Payments due within one year	**88**	86
Payments due between one to five years	**351**	345
Payments due beyond five years	–	86

20 Related party transactions

Identity of related parties

The Group has a related party relationship with its subsidiaries (see note 11), and with its Directors and executive officers and with Burnbrae Ltd (significant 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 US$48,719 (2016: US$60,038) and Directors' fees of US$46,748 (2016: US$54,002) were charged in the year by Burnbrae Limited, of which Denham Eke and Nigel Caine are common Directors. The Group also received a loan in February 2017 of US$500,000 (2016: US$Nil) from Galloway Ltd, a company related to Burnbrae Limited by common ownership and Directors (note 16).

Notes to the Financial Statements continued

20 Related party transactions continued

Transactions with key management personnel

The total amounts for Directors' remuneration were as follows:

	2017 US$000	2016 US$000
Emoluments — salaries, bonuses and taxable benefits	**343**	332
— fees	**66**	77
	409	409

Directors' Emoluments

	Basic salary US$000	Fees US$000	Bonus US$000	Termination payments US$000	Benefits US$000	2017 Total US$000	2016 Total US$000
Executive							
Ed Comins	310	—	—	—	33	**343**	332
Non-executive							
Denham Eke*	—	26	—	—	—	**26**	30
Nigel Caine*	—	21	—	—	—	**21**	24
Sir James Mellon	—	19	—	—	—	**19**	23
Aggregate emoluments	310	66	—	—	33	**409**	409

* Paid to Burnbrae Limited.

14,000,000 share options were issued to Ed Comins (see note 17), during the previous financial year.

21 Financial risk management

Capital structure

The Group's capital structure is as follows:

	2017 US$000	2016 US$000
Cash and cash equivalents	**15,072**	6,445
Loans and similar income	**(500)**	–
Net funds	**14,572**	6,445
Shareholders' equity	**(1,939)**	(1,932)
Capital employed	**12,633**	4,513

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 and foreign exchange risks.

Notes to the Financial Statements continued

21 Financial risk management continued

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 where applicable 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 following are the contractual maturities of financial liabilities:

2017
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	**18,439**	**(18,439)**	**(18,439)**	**–**	**–**
Income tax and national insurance	**31**	**(31)**	**(31)**	**–**	**–**
Other creditors and loans	**665**	**(665)**	**(165)**	**–**	**(500)**
	19,135	**(19,135)**	**(18,635)**	**–**	**(500)**

2016
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	9,724	(9,724)	(9,724)	–	–
Income tax and national insurance	52	(52)	(52)	–	–
Other creditors and loans	35	(35)	(35)	–	–
	9,811	(9,811)	(9,811)	–	–

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

	2017 US$000	2016 US$000
Cash and cash equivalents	**15,072**	6,445
Bonds and deposits	**2,966**	2,604
Trade and other receivables	**2,952**	2,551
	20,990	11,600

21 Financial risk management continued
Credit risk continued

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 receivables in any business segment:

	2017 US$000	2016 US$000
Pari-mutuel	**2,950**	2,549
	2,950	2,549

Of the above receivables, US$2,275,000 (2016: US$1,546,000) relates to amounts owed from 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 (2016: US$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.

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 Pounds Sterling, Hong Kong Dollars and Euros.

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 reporting date the Group had the following exposure:

2017	**HKD US$000**	**GBP US$000**	**EUR US$000**	**USD US$000**	**Total US$000**
Current assets	**8,734**	**164**	**7,752**	**4,356**	**21,006**
Current liabilities	**(8,629)**	**(145)**	**(6,976)**	**(3,634)**	**(19,384)**
Short-term exposure	**105**	**19**	**776**	**722**	**1,622**

2016	HKD US$000	GBP US$000	EUR US$000	USD US$000	Total US$000
Current assets	4,673	464	2,106	4,372	11,615
Current liabilities	(5,099)	(389)	(1,824)	(2,749)	(10,061)
Short-term exposure	(426)	75	282	1,623	1,554

21 Financial risk management continued

Foreign currency risks 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–Euro exchange rate and US Dollar–Hong Kong Dollar exchange rate.

A 5% weakening of the US Dollar against the following currencies at 31 May 2017 would have increased/(decreased) equity and profit and loss by the amounts shown below:

2017	**GBP US$000**	**EUR US$000**	**HKD US$000**	**Total US$000**
Current assets	**8**	**388**	**436**	**832**
Current liabilities	**(7)**	**(349)**	**(431)**	**(787)**
Net assets	**1**	**39**	**5**	**45**

2016	GBP US$000	EUR US$000	HKD US$000	Total US$000
Current assets	23	105	234	362
Current liabilities	(20)	(91)	(255)	(366)
Net assets	3	14	(21)	(4)

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 63.10%.

23 Subsequent events

To the knowledge of the Directors, there have been no material events since the end of the reporting period that require disclosure in the accounts.

Webis Holdings plc

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 20 December 2017 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 31 May 2017.

2 To re-elect as a director Nigel Caine 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.

As Ordinary Resolutions

6 That in accordance with Article 12 of the Company's Articles of Association and with Section 13 of the Companies Act 1992 the Company be generally and unconditionally authorised to make market purchases (as defined by Section 13(2) of the Companies Act 1992) of ordinary shares of 1 pence each in its capital, provided that:

(a) the maximum number of shares that may be acquired is 39,333,831;
(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.

7 That the Report of the Remuneration Committee be received and adopted.

By order of the Board

Nigel Caine
Company Secretary
20 November 2017
Registered Office: Viking House
Nelson Street, Douglas
Isle of Man, IM1 2AH

Notes

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and vote on their behalf at the meeting. A proxy need not be a shareholder of the Company. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. To appoint more than one proxy you may photocopy the proxy form accompanying this notice. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.

2. To be valid, the form of proxy and the power of attorney or other authority (if any) under which it is signed - or a notarially certified or office copy of such power or authority - must be lodged at the offices of the Company's registrars, Link 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 close of business on 18 December 2017 shall be entitled to attend and vote at the meeting. Changes to the register after close of business on 18 December 2017 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.

Webis Holdings plc

Company Information

Directors
Denham Eke
Non-Executive Chairman
Ed Comins
Managing Director
Nigel Caine
Non-Executive Director
Sir James Mellon
Non-Executive Director

Company Secretary
Nigel Caine

Registered Office
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Nelson Street
Douglas, Isle of Man
IM1 2AH

Bankers
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Douglas
Isle of Man
IM1 1EU

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

Nominated Adviser and Broker
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29 Wilson Street
London
EC2M 2SJ

Legal Advisors
Long & Humphrey
The Old Courthouse
Athol Street
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Isle of Man
IM1 1LD

UK Registrar
Link Asset Services
The Registry, 34 Beckenham Road
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