

FOR IMMEDIATE RELEASE
31 July 2003

BETINTERNET.COM PLC
(“the Company” or “betinternet”)
PRELIMINARY RESULTS FOR THE PERIOD ENDED
1 JUNE 2003

betinternet.com plc, the global on-line gaming group, today announces preliminary results for the period ended 1 June 2003.

Highlights of the results are:

- ▶ Group operating profit * £100,443 (2002: £1,692,533 loss)
- ▶ Gross profit £4.16m (2002: £2.87m) – an increase of 44.9%.
- ▶ Internet betting turnover £50.4m (2002: £38.7m) – an increase of 30.2%.
- ▶ Internet betting margin, after duty, 7.04% (2002: 6.24%)
- ▶ Customer accounts at period end 57,037 (2002: 23,795) – an increase of 140%.
- ▶ First strategic acquisition - Oddsalive
- ▶ Euro Off-track now able to commingle wagers into approximately 100 tracks
- ▶ Basic and diluted loss per share 0.12p (2002: loss of 2.33p)
- ▶ Period-end cash (net of overdrafts) £1.77m.

* prior to share of loss in joint venture

Commenting on the results, Denham Eke, chairman of betinternet, said: “I am delighted that at the same time as announcing our maiden operating profit, I can report on significantly increased interest in the pari-mutuel opportunities we are offering. Indeed, last week’s wagers through our Isle of Man hub exceeded \$2m for the first time. These opportunities, coupled with the underlying performance of the core sports book business, provide exciting prospects for the Company.”

ENDS

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Notes to editors:

The following are attached:

- ▶ Chairman's statement
- ▶ Operating Review
- ▶ Consolidated Profit & Loss Accounts
- ▶ Consolidated Balance Sheets
- ▶ Consolidated Cash Flow Statements
- ▶ Notes to the Accounts

N.B. Pari-mutuel (or 'tote' wagering) refers to wagering into a 'pool' where dividends are paid to winners and the operator retains a percentage of the 'pool'.

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Chairman's Statement

Introduction

In my first statement as Chairman I am pleased to be able to report a period of substantial progress towards creating a profitable internet business with a stable income base. We continue to seek opportunities to strengthen our position in the global online gaming market and the acquisition of Oddsalive in April 2003 was a first step towards this.

Overview of results

In the year to 1 June 2003, all of our key performance indicators were positive and the Board is delighted to report that the Company has achieved its maiden operating profit.

Turnover has increased 9.6% to £58.1m, (2002: £53.0m) although this masks a 30.3% (or £11.7m) rise in the turnover of our internet business.

The planned migration of business away from our telephone betting operation, which we started two years ago, has continued, and turnover in this area was reduced by 52% to £6.7m (2002: £14.0m).

Overall our margins have increased strongly from 5.45% to 7.29% and at the operational level we generated a maiden profit of £100,443, although after taking account of the group's share of loss in the Euro Off-track joint venture and interest, there was a loss of £130,555 (2002: loss of £1.98m). The basic and diluted loss per share was 0.12p (2002: loss of 2.33p).

The Directors do not recommend the payment of a dividend.

Strategy

The Board's previously stated strategy of growing the business in the global internet and pari-mutuel gaming markets continues. We continue to seek acquisitions that will give the company a broader geographical reach. The acquisition of Oddsalive in April 2003, with its strong presence in the Scandinavian market, is a good example.

We also expect that following duty changes on the Isle of Man which will come into effect from 1 September 2003, we will be able to advertise the betinternet product range inside the UK from the autumn of 2003. The Board is excited at the prospect of being able to actively participate in one of the largest gaming markets in the world.

In addition to seeking acquisition opportunities and new markets, we also continue to hunt for innovative and stimulating new wagering opportunities, some of which are described in the Operational and Financial Review which follows.

In this way we seek to enhance the gaming experience of our existing customers and attract new customers.

Regulation

Whilst betinternet benefits from its location and regulation in the Isle of Man, a regulatory system that recognises the legitimacy of the internet as a business channel, current regulation of online gaming services by many other governments around the world is very confused.

Recent moves against the global gaming service providers have been unhelpful and seem to come from diverse motivations. As a matter of good practice, we are constantly reviewing our payment systems, and we undertake detailed discussions with credit card providers, to minimise the opportunity for money laundering through the online gaming channel.

Board changes

In February, the Company announced the resignation of Vincent Caldwell as Managing Director. Whilst the Board acknowledged the significant contribution made by Vincent, it also recognised that the Company had reached a size and diversity of operation which required a different management style, if it was to successfully take the business to the next level.

To facilitate the necessary change of management Jim Mellon assumed the Chairmanship for an interim period from 1st January, 2003 to 4th April, 2003 and Paul Doona was appointed Managing Director. Once this immediate transition was complete, Jim Mellon stood down as Chairman, and I was pleased to accept the request of the Board to take his place as Chairman.

Also on 4th April, 2003, Hugh Mac Giolla Ri was appointed a non-executive director, and has already made a positive contribution.

On behalf of shareholders, I would like take this opportunity to thank all our staff for the contribution they continue to make to the success of the business.

Prospects

We are encouraged by the significantly increased interest in the pari - mutuel opportunities we offer, particularly to the business-to-business fraternity. Wagers through our Isle of Man hub have exceeded \$2m per week for the first time and it is providing an increasingly positive base from which to facilitate a global wagering business. These opportunities, coupled with the underlying performance of the core sports book business, provide exciting prospects for the Company.

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Operating and Financial Review

Introduction

In last year's report, we indicated why we remained confident of the company's continuing ability to grow and to achieve profitability. I am pleased to now report that in the period ended 1 June 2003, the business achieved its first operational profit.

The Euro Off-Track business model has been improved by reducing the costs and by finding new content providers and the establishment of our first B2B relationships, thereby increasing revenue. In the year ahead we are confident of further improved performance.

In April 2003 we acquired an internet gaming company called Oddsalive. This acquisition has enabled betinternet to extend its reach into the Scandinavian market.

Review of Operations

We have continued to pursue our strategy of increasing the internet business area whilst reducing the dependence on telephone betting. Excluding turnover from our joint venture, the internet operations represented 88.3% of turnover for the period. The pari-mutuel operations continue to grow and we have high hopes of the tote wagering platform, which is now available on the betinternet site. In addition, our overall gross margins have risen to 7.29% from 5.45%.

Internet operations

Turnover in our internet operations increased to £50.4m (2002: £38.7m), an uplift of 30.2%, year on year. The gross margin of 7.04% compares very favourably with 6.24% in the previous year and is comparable to our leading competitors.

Our customer account base has seen strong growth to stand at 57,037 compared with 23,795 at the start of the period. Of the increase, 19,275 (81%) was due to organic growth, whilst the remaining 13,967 accounts came via the acquisition of Oddsalive.

Although the Far East remains the Company's largest market place, the acquisition of Oddsalive has reduced the customer percentage from the Far East to 47% from 62.3%. This market continues, however, to produce good customer growth with 75% of our organic growth coming from the region. This growth largely followed interest in the World Cup and the Company was able to attract 'follow-on' business at the start of the English soccer season. Overall the cost of acquiring customers has remained static.

One of the main aims of betinternet is to provide leisure gaming opportunities via the internet that attract the attention of 'fun' gamblers. During the year progress has been made in this area, as evidenced by lower bet sizes which in the period under review averaged £21.62, down from £31.26. Accordingly, the overall spend per customer has dropped in the Far East, as the table below shows:

	2003	2002
	£	£
Far East	3,950	4,500
ROW	3,952	3,122
UK	1,560	1,305

The Company continues to believe that regulation is the correct way forward but, has continued its policy of not accepting fixed odds wagers from US customers, thus recognising the current political realities of the USA. Whilst some jurisdictions permit gaming but not advertising, and others permit wagering but not payment by credit card, there is a significant level of market confusion on regulation. We seek to provide solutions to these problems allowing people who wish to wager to do so, whilst also providing secure methods for making deposits and payment. During the period, the government of Hong Kong prohibited the use of credit cards for gaming purposes, largely as an anti-money laundering measure. Within the region this measure has altered the balance of the business, so that Singapore has over taken Hong Kong as our fastest growing region.

I am delighted to report that the Isle of Man Treasury has provided a pragmatic solution to the issue of differential duty, paid by Isle of Man and UK bookmakers. As a result of paying Isle of Man rates of duty at a lower rate than that levied by the UK government, the Company was treated as an overseas bookmaker by the UK authorities, and prohibited from advertising in the UK, the third largest gaming market in the world. Following the passing of an amendment order to the 1970 Betting Act, the Company will pay, from 1 September, 2003, the same rate of tax as UK bookmakers, on UK bets, but will retain its comparative advantage in relation to duty paid on wagers in the Rest of the World. This will open the door to the UK market for your company.

The mix of sport within our internet business still strongly favours football, with over 75% of our turnover coming from this sport. Whilst the English premier league attracts the most business, we have specialist expertise in all the major European leagues. US sports account for 16% of internet business. We have no plans to radically change this balance, but are likely to increase the spread of winter and Scandinavian sports.

Horse racing is something we would consider if our UK business expands and we are confident about our risk management capability. In the meantime our offering on horse racing will be limited to tote wagering on US content.

The technical section of this report describes the detailed development of a gateway via which B2Cs and B2Bs can access pari-mutuel content, previously only available to customers who separately registered with Euro Off-track. We believe that this will provide yet another attractive customer offering, as well as supplying a healthy risk-free stream of income to betinternet and EOT. It also has obvious attractions as a B2B proposition for bookmakers and others with large customer bases.

Telephone operations

Our concentration on a core number of more serious gamblers appears to be paying off, with a margin after duty of 9.15% (2002: 3.26%) having been achieved. Our strategy of managing a reduction in turnover from £14.0m to £6.7m has produced an increase in gross margin, resulting in a contribution of £612,000 (2002: £455,000). Average revenue has increased marginally to £308.91 per slip (2002: £307.44), almost 15 times the average wager on the Internet, and confirming the more professional nature of the punter.

Due to the small number of telephone customers, we are able to provide a horse racing facility over the telephone, and this sport together with soccer account for the vast proportion of the business.

We currently have no intention of increasing the fixed odds element of our telephone operation. However, we can see the potential for increase in relation to our pari-mutuel operations. We are currently offering a voice service to 'high-rolling' customers of Euro Off-Track and this has been the engine behind the recent increase of turnover through the joint venture. We are considering the potential of offering a similar service to customers who access the pari-mutuel content now available to betinternet customers.

Euro Off-Track (EOT)

Despite a reduction in our share of loss to £239,000 (2002: £306,000), the following action has been initiated which we are confident will deliver profitability in the short-term:

We have:

- a) re-negotiated the joint-venture financing arrangements, at no cost, so that expenditure is now borne equally by the partners;
- b) significantly reduced the largest element of the cost base - the cost of broadcasting satellite pictures from the two Irish tracks, for which we provide an inter-track service. In addition, in April 2003 we suspended the experiment of transmitting those pictures into the United States until such time as we become convinced that there is viable business to be won;
- c) significantly increased activity through the call centre and over the Internet, in recent weeks, as our first B2B partners begin to drive turnover towards EOT and as familiarity with pari-mutuel wagering increases.

The benefits of (b) and (c) above, which have already had a marked effect on financial performance, will be felt in the current financial year.

As a result of the development of the park - mutual gateway mentioned above, there will be a direct impact on EOT, as a facilitator of global wagering. EOT will receive commission payments for providing the ability to commingle wagers and provide access directly into host track pools, through its Amtote hub.

Euro Off-Track is moving towards becoming a tote service provider and provider of technological solutions. It will increasingly look to others (including betinternet) to provide customers and it will primarily provide its services in return for a percentage of the 'handle'.

Regulatory environment

We believe shareholders, staff and government all benefit from the security of a well regulated gaming environment and we therefore welcome it.

The Isle of Man Government has embraced technological advancement and has a well developed strategy to promote e-commerce. Recognising that new rules must be adopted to deal with the Internet, the Government has adopted firm but fair rules to govern us and the online gaming market and we have been able to participate and respond to these developments, whilst also recognising the size of our contribution to the Isle of Man Treasury.

We believe that this is a far more healthy approach than, for example, the USA, which is by far the largest market in the world, but which is serviced by unregulated off-shore operations who pay no tax.

We also positively embrace regulations designed to prevent anti-money laundering. One of our non-executive directors, Harley Corkill, maintains special interest in this area, and the role of Anti-Money Laundering Officer for the company, has been retained at Board level as one of my responsibilities. We also provide a programme of continuous anti-money laundering training for our staff.

In the Company's opinion, jurisdictions which believe that outlawing the use of credit cards for leisure gaming purposes as a means of preventing money laundering, are misguided. This approach only helps to promote alternative payment methods, some of which are patently less safe.

We will continue to seek and promote secure alternative payment methods whilst following the Isle of Man anti-money laundering regulations.

There have been a few high profile departures from the Isle of Man on-line gaming sector in recent months. We are very happy to remain within this jurisdiction and have recently reviewed the possibility of applying for a gaming licence. However, we have concluded that the business model for e-gaming is currently insufficiently attractive for it to be a worthwhile investment. This area will be kept under review.

Technology

Last year we reported a milestone where we exceeded 10,000 bets in a single day during the World Cup. Our daily peak has now exceeded 17,000 bets from 35,000 unique sessions and 2.3 million hits, without any strain on our systems, which again exceeded 99.9% availability to clients.

During the year we have further invested in resilience, redundancy and security for our technology platform, including the concurrent writing of all bets to a remote location. We have also developed a gateway platform that has enabled betinternet to offer co-mingled tote wagering. This will enable third party betting companies to participate with us in co-mingled tote wagering.

Euro Off-track's portfolio now covers 75 tracks each weekend and almost 100 tracks in total. We have also established a call centre handling international tote wagering via the telephone.

At the end of the year under review we successfully integrated the Oddsalive business previously located in Malta into the betinternet platform in the Isle of Man.

Finance Review

Overview

The group recorded a maiden, operating profit of £100,433. This was on the back of an increase of 9.6% in turnover to £58.1m (2002 : £53.0m). As commented upon elsewhere, this does, however, mask an increase of more than 30% in Internet turnover.

Gross profit increased considerably to £4.16m from £2.87m in 2002, not only because of the turnover increase, but also due to an improved margin percentage, which after duty paid was 7.29%, compared with 5.45% in the previous period.

Despite the increased activity, we were able to reduce our administration costs to £4.06m, a reduction of 11.0% from the previous year. This was largely due to a reduction in staff costs as we scaled back our telephone operations. As a percentage of turnover, administration costs were 7.1% compared with 8.7% in the previous period. The main costs were marketing - £0.6m, wages and salaries - £1.5m, information technology (including depreciation of hardware and software) - £0.8m, and bank charges - £0.5m.

We did not achieve an overall group profit as we absorbed a further share of loss, albeit reduced, from Euro Off-track. However, as mentioned elsewhere, we are encouraged that this venture is showing signs of improved financial performance, and has started the current period positively.

Loss per share

The basic and diluted loss per share was 0.12 p – 2002, loss of 2.33p.

Cash Flow

In the period to 1 June 2003 the group absorbed an operating cash outflow of £995k. Of this amount £654k represented funding for Euro Off-track and, in addition, we provided £355k of working capital to the Oddsalive operation. EOT funding totalled £1.2m at the period end, and will be recovered as a first call on EOT's profits.

As far as non-operating activities were concerned, the group received £1.6m under the terms of a subscription agreement entered into in December 2001; repaid a loan of £350k and incurred capital expenditure of £378k.

Cash balances, net of overdrafts, were therefore £1.77m at the period end, which compares with £1.83m at the previous year end.

Balance Sheet

The Group Balance sheet was strengthened by the equity injection referred to above. Net worth increased to £2.3m from £0.9m at the previous year end.

As in previous years we have continued to invest in our technological infrastructure, and capital expenditure during the period amounted to £378k.

It has been decided to re-classify capitalised software costs, previously shown on the Balance Sheet as Intangible Assets, as Tangible Fixed Assets to correctly reflect their nature. This has no impact on the group's net assets or results for the period.

Treasury Management

The group's finance department manages its liquidity and foreign exchange risk. The department is risk averse and does not enter into any speculative trades. The main control mechanism is to seek to match individual currency assets and liabilities. There are no debt instruments other than conventional trade creditors.

Because of the global nature of the business, profits, net assets and cash flows are all subject to exchange rate risk. The control mechanism mentioned above is designed to mitigate this risk.

Going Concern

The board has considered the further net loss incurred during the period and the impact that further losses could have on its cash resources. However, budgets for the 12 months ahead, which the board believes to be prudently based, predict cash surpluses considerably greater than the group's on-going financial commitments. These budgets take no account of the recovery of £1.2m EOT funding referred to above. Accordingly, the board considers it appropriate to continue to apply the going concern principle.

Acquisition

On 28 April 2003, the Company acquired the entire share capital of Oddsalive Limited for a consideration of \$1. The Company also agreed to satisfy the

obligations of Oddsalive to its customers and trade creditors, but certain arrangements with the vendors will ensure that the total consideration will not exceed \$700,000 (£437,500).

An earn-out arrangement has been entered into with certain of the vendors, but this has been capped at \$1m, measured by way of performance in the two years following acquisition and is further subject to the repayment of working capital injected by the company. Accordingly, the board believes it is too early to determine what the earn-out liability might be, and goodwill has therefore been stated at £437,500, the 'capped' liabilities of the company.

In line with FRS10, impairment reviews will be carried out at each balance sheet date. It is anticipated that goodwill will be amortised over 2 years. The board considered that as the acquisition took place near to the period end, there was no impairment at the balance sheet date. It was also considered that the trading results and cash flow since acquisition were not material and have, therefore, not been separately disclosed.

Accounting Standards

In the absence of accounting standards in the Isle of Man, the company applies Accounting Standards published by the United Kingdom's Accounting Standards Board.

There were no Financial Reporting Standards which applied to the Group's financial statements for the first time this period.

The Future

betinternet's continued aim is to become a respected, integrated, e-gaming company. We seek to build on our strength as a provider of technological solutions to organisations wishing to participate in global wagering.

We intend to broaden our reach and are looking forward to entering the UK market place. In addition, we are considering other European and American territories, and will continue to make further acquisitions where appropriate opportunities arise.

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**CONSOLIDATED PROFIT & LOSS ACCOUNT
PERIOD ENDED 1 JUNE 2003**

	Notes	2003 £	2002 £
Turnover including share of joint venture			
Betting stakes received	1		
Internet		50,374,502	38,672,608
Telephone		6,687,992	13,953,019
Joint Venture		1,016,187	384,776
		<hr/>	<hr/>
		58,078,681	53,010,403
Less share of joint venture turnover		(1,016,187)	(384,776)
		<hr/>	<hr/>
Total group turnover		57,062,494	52,625,627
Cost of sales			
Winnings paid and bets laid off	1	(52,825,992)	(49,626,900)
Betting duty paid	1	(76,463)	(130,841)
		<hr/>	<hr/>
Gross Profit		4,160,039	2,867,886
Administration expenses		(4,059,596)	(4,560,419)
		<hr/>	<hr/>
Group operating profit/(loss)		100,443	(1,692,533)
Share of operating loss in joint venture		(238,981)	(306,178)
		<hr/>	<hr/>
Total operating loss including share of joint venture		(138,538)	(1,998,711)
Interest		7,983	14,600
		<hr/>	<hr/>
Loss on ordinary activities before and after taxation and retained loss for the period		(130,555)	(1,984,111)
		<hr/>	<hr/>
Basic and diluted loss per share	2	(0.12)	(2.33)
		<hr/>	<hr/>

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**CONSOLIDATED BALANCE SHEETS
1 JUNE 2003**

	1 June 2003	31 May 2002
Fixed Assets		
Intangible Assets	437,500	498,088
Tangible Assets	840,833	480,237
	<u>1,278,333</u>	<u>978,325</u>
Current Assets		
Debtors	1,611,285	822,607
Cash at bank and in hand	1,851,900	1,850,421
	<u>3,463,185</u>	<u>2,673,028</u>
Creditors		
amounts falling due within one year	<u>(1,876,682)</u>	<u>(2,463,218)</u>
Net Current Assets	<u>1,586,503</u>	<u>209,810</u>
Provision for Liabilities and Charges		
Investment in joint venture		
- share of gross assets	193,577	86,009
- share of gross liabilities	<u>(737,736)</u>	<u>(391,187)</u>
- share of net liabilities	(544,159)	(305,178)
	<u>2,320,677</u>	<u>882,957</u>
Net Assets	<u>2,320,677</u>	<u>882,957</u>
Capital and Reserves		
Called up share capital	1,166,870	1,006,870
Share Premium	6,927,995	5,519,720
Profit and loss account	(5,774,188)	(5,643,633)
	<u>2,320,677</u>	<u>882,957</u>
Equity Shareholders' Funds	<u>2,320,677</u>	<u>882,957</u>

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**CONSOLIDATED CASH FLOW STATEMENTS
PERIOD ENDED 1 JUNE 2003**

		2003	2002
	Notes	£	£
Net cash outflow from operating activities	5	(994,803)	(811,282)
Returns on investments and servicing of finance	6	7,983	14,600
Capital expenditure and financial investment	6	(377,508)	(770,927)
Acquisition of subsidiary	6	77,467	-
Cash outflow before use of liquid resources and financing		<u>(1,286,861)</u>	<u>(1,567,609)</u>
Financing	6	1,218,275	2,475,515
(Decrease)/increase in cash in the year		<u>(68,586)</u>	<u>907,906</u>

Reconciliation of net cash flow to movement in net funds

Opening net funds		1,483,825	925,919
(Decrease)/ increase in cash in year		(68,586)	907,906
Cash outflow/ (inflow) from movement in borrowings		350,000	(350,000)
Closing net funds	7	<u>1,765,239</u>	<u>1,483,825</u>

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NOTES TO THE ACCOUNTS

1. SEGMENTAL ANALYSIS

Period ended 1 June 2003	Telephone £	Internet £	Total £
Betting stakes received	6,687,992	50,374,502	57,062,494
Winnings paid and bets laid off	(6,073,116)	(46,752,876)	(52,825,992)
Betting duty paid	(2,756)	(73,707)	(76,463)
Gross profit	612,120	3,547,919	4,160,039
Margin	9.15%	7.04%	7.29%

Year ended 31 May 2002	Telephone £	Internet £	Total £
Betting stakes received	13,953,019	38,672,608	52,625,627
Winnings paid and bets laid off	(13,462,982)	(36,163,918)	(49,626,900)
Betting duty paid	(34,691)	(96,150)	(130,841)
Gross profit	455,346	2,412,540	2,867,886
Margin	3.26%	6.24%	5.45%

2. LOSS PER SHARE

The basic loss per share is calculated by dividing the losses attributable to ordinary shareholders by the weighted average number of ordinary shares during the year.

Calculation of loss per share is based on losses of £130,555 (2002 : £1,984,111) and the weighted average number of ordinary shares being the equivalent of 112,293,584 (2002 : 85,030,112) ordinary 1p shares.

The diluted loss per share is the same as the basic loss per share as the adjustment to assume conversion of dilutive ordinary shares would decrease the loss per share.

3. TAX CHARGE

There is no tax charge for the year. There are tax losses available to carry forward and set off against future profits of the same trade, subject to agreement with the Isle of Man Assessor of Taxes.

4. DIVIDEND

The directors propose no dividend be paid for the year.

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NOTES TO THE ACCOUNTS CONTINUED

5. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2003	2002
	£	£
Operating profit/(loss)	100,443	(1,692,533)
Depreciation and amortisation charges	544,319	397,033
(Increase)/decrease in debtors	(787,412)	11,273
(Decrease)/increase in creditors	(852,153)	520,268
Write back of associate	-	(47,323)
	<u>(994,803)</u>	<u>(811,282)</u>
Net cash outflow from operating activities	<u>(994,803)</u>	<u>(811,282)</u>

6. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2003	2002
	£	£
Returns on investments and servicing of finance		
Interest received	7,983	17,477
Interest paid	-	(2,877)
	<u>7,983</u>	<u>14,600</u>
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(382,861)	(770,927)
Receipts from sale of tangible fixed assets	5,353	-
Net capital expenditure	<u>(377,508)</u>	<u>(770,927)</u>
Acquisition of subsidiary		
Cash consideration	(1)	-
Net cash acquired with subsidiary	77,468	-
	<u>77,467</u>	<u>-</u>

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NOTES TO THE ACCOUNTS CONTINUED

6. (contd.)

Financing	2003	2002
	£	£
Issue of new shares including share premium	1,568,275	2,125,515
(Repayment)/issue of borrowings	(350,000)	350,000
	<u>1,218,275</u>	<u>2,475,515</u>

7. ANALYSIS OF NET FUNDS

	at 31 May	Cash	at 1 June
	2002	Flow	2003
	£	£	£
Cash in hand and at bank	1,850,421	1,479	1,851,900
Bank overdraft	(16,596)	(70,065)	(86,661)
Other loans	(350,000)	350,000	-
	<u>1,483,825</u>	<u>281,414</u>	<u>1,765,239</u>

8. OTHER INFORMATION

- i) The abridged accounts for the year to 31 May 2002 are an extract from the full group accounts for that period on which an unqualified report was made by the group's auditors and which have been delivered to the Registrar of Companies.
- ii) The results for the period ended 1 June 2003 are prepared in accordance with applicable accounting standards, using the same accounting policies as set out in the group accounts for the year end 31 May 2002.
- iii) All profits derive from continuing activities.
- iv) The preliminary statement was approved by the board on 31 July 2003.
- v) The Report and Accounts, upon which KPMG Audit LLC will deliver an unqualified report, will be posted to shareholders on 15 August 2003. Further copies will be available for inspection from the Company's Head Office; Viking House, Nelson Street, Douglas, Isle of Man IM1 2AH; and the Company's Registered Office, Burleigh Manor, Peel Road, Douglas, Isle of Man, IM1 5EP.
- vi) The Company's nominated advisor and broker is Williams de Broe, PO Box 515, 6 Broadgate, London EC2M 2RP.