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Webis Holdings PLC
15 October 2010

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WEBIS HOLDINGS PLC
("Webis" or "the Group")
PRELIMINARY RESULTS FOR THE 52 WEEK PERIOD ENDED 30 MAY 2010

Webis Holdings plc, the global on-line gaming group, today announces its preliminary results for the period.

Summary:

- Loss for the period of £337,000 (2009: profit of £452,000)
- EBITDA loss of £37,000 (2009: £757,000 profit)
- Group turnover of £114.2m (2009: £140.1m)
- betinternet.com sportsbook turnover decreased by 26.6% to £79.2m (2009: £107.9m)
- European Wagering Services pari-mutuel turnover grew by 8% to £35.0m (2009: £32.3m)

Commenting on the results, Denham Eke, Chairman of Webis Holdings plc, said: "Overall, it has been a difficult year for the Group, with numerous challenges. However, the majority of these issues have been resolved and the future of EWS has gained a clear direction as a result of our US acquisition. We are now committed to establishing a clear strategy for the sportsbook and the Board is confident of a successful year ahead".

ENDS

For further information:

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Notes to editors:

The following are attached:

Chairman's Statement
Consolidated Income Statement

Consolidated Balance Sheet
Statement of Changes in Shareholders' Equity
Consolidated Cash Flow Statement
Notes to the Accounts

Chairman's Statement

Introduction

Despite an encouraging performance from the Group's pari-mutuel platform, European Wagering Services Limited ("EWS"), the consolidated results for the financial year ended 30 May 2010 were affected, as previously notified, by a disappointing year for the betinternet.com (IOM) Limited sportsbook ("betinternet"). Consolidated turnover reduced to £114 million (2009: £140 million) and the Group recorded an operating loss of £315,000 (2009: £475,000 profit).

European Wagering Services Limited

EWS generated an increase in turnover to £35.0 million (2009: £32.3 million) despite the global decline in pool betting due to the lasting effects of the economic downturn. This continues to impact the horse and greyhound racing industry in the United States, EWS's principal market. The largest area of growth came from the EWS website, www.link2bet.com. We continued to make enhancements to the site during the year, which have helped us to recruit new lower-staking, higher margin customers and, in turn, improved business mix.

The margin for our B2B business reduced slightly as a result of increased competition and EWS also incurred a foreign exchange loss of £18,000 (2009: £123,000 profit). These factors were, however, partly offset by the increase in website traffic and EWS recorded a pre tax profit of £464,000 (2009: £531,000).

The Board's strategy for EWS during the year was focused on obtaining an increase in quality racing content and establishing a presence in the US. As previously notified, we recently secured a US pari-mutuel hub operating licence with the North Dakota Racing Commission, which will enable the business to conduct pari-mutuel account deposit wagering in the US, subject to state by state legislation. The establishment of a presence in the US is a significant move forward for EWS, which will enhance the opportunity to secure further US racetrack content in the near future and provide the business with greater credibility in its markets.

betinternet.com (IOM) Limited

betinternet generated turnover of £79.2 million (2009: £107.9 million), recording a pre-tax loss of £778,000 (2009: £41,000 loss). The business suffered a number of setbacks during the financial year, again largely related to the ongoing effects of the economic downturn.

Within our casino and games offerings, many high-roller players dropped away, resulting in a sizable reduction in turnover and margin against the prior year. The fixed-odds element of the sportsbook also underperformed, with a reduction in the gross margin due to a number of issues. Firstly, our affiliates' referral scheme became loss-making. We have taken action to correct this and the scheme has since returned to profitability. Secondly, football betting was impacted by an unusual lack of draws during the early stages of the 2009/10 English Premiership season. Finally, the margin generated by our horse racing offering, which accounts for a significant proportion of the sportsbook's total turnover, remains highly volatile.

As a result of these issues and the increased level of competition and regulation within this area, the Board has decided to review its sportsbook strategy. This review is currently ongoing and, once completed, the Board will provide shareholders with an update.

Overview of Group Results

The consolidated results for the financial year ended 30 May 2010 show Group turnover reduced to £114 million (2009: £140 million) and gross profit reduced by 24% to £2.6 million (2009: £3.4 million). The gross margin reduced to 2.25% (2009: 2.43%).

The Group recorded a loss before interest, tax, depreciation and amortisation of £37,000 (2009: £757,000 profit) and an operating loss of £315,000 (2009: £475,000 profit).

Operating expenses remained broadly in line with last year at £2.7 million (2009: £2.6 million). As anticipated, we reduced our accommodation costs following the expiry of our leases. However, the Group incurred a foreign exchange loss as sterling increased in value against other global currencies, particularly the US dollar, within the financial year.

Share premium account

The Board received approval at last year's annual general meeting to apply for court approval to cancel the share premium account. In light of the losses incurred during the year, the Board has decided to postpone the application for the time being and will revisit this in due course.

Staff

I am, as always, grateful to the executive and staff of Webis for their continued contribution and ability to adapt to the ever-changing industry in which we operate.

Summary

Whilst betinternet's performance has been disappointing, it has highlighted the competitive environment in which the sportsbook operates. As such, the Board has committed to reviewing its strategy for this part of our business in order to ensure that the implementation of our strategy for EWS is not hindered as a result.

Subsequent events

As has happened to many businesses within the wagering sector, the Group's bankers have recently withdrawn payment processing services. We immediately implemented a temporary payment solution pending the development of a permanent solution for EWS and betinternet with alternative providers.

In the case of EWS, the acquisition of the US license will greatly assist in stabilising payment solutions for the business in the near future. Once we have established new payment methods, we intend to implement a development and marketing strategy in the US, which is currently in the advanced planning stage.

Encouragingly, betinternet enjoyed a successful World Cup and the subsequent start of the football season is showing more favourable results compared with the same period in 2009. The Real Time Gaming Casino has been replaced by an improved turnkey solution from CTXM, a well-established provider of gaming services. This will enable us to incorporate a Poker game on the website for the first time before the year end.

Overall, it has been a difficult year for the Group, with numerous challenges. However, the majority of these issues have been resolved and the future of EWS has gained a clear direction as a result of our US acquisition. We are now committed to establishing a clear strategy for the sportsbook and the Board is confident of a successful year ahead.

Denham Eke
Chairman

Webis Holdings plc
Consolidated Statement of Comprehensive Income
for the Period ended 30 May 2010

	Note	2010 £000	2009 £000
Turnover	2	114,167	140,149
Cost of sales		(111,519)	(136,718)
Betting duty paid		(30)	(33)
		-----	-----
Gross Profit		2,618	3,398
Administration expenses		(2,655)	(2,641)
		-----	-----
Earnings before interest, tax, depreciation and amortisation		(37)	757
Depreciation and amortisation		(255)	(247)
Share based costs		(23)	(35)
		-----	-----
Total operating (loss) / profit		(315)	475
Net finance costs	4	(22)	(23)
Tax	5	-	-
		-----	-----
(Loss) / profit for the period		(337)	452
		-----	-----
Basic (loss) / profit per share (pence)		(0.16)	0.22
Diluted (loss) / profit per share (pence)		(0.16)	0.21
		-----	-----

Webis Holdings plc
Consolidated Statement of Financial Position
As at 30 May 2010

	Note	2010 £000	2009 £000
Non-current assets			
Intangible assets - goodwill	7	43	43
Intangible assets - other	8	311	295
Property and equipment	9	75	110
Investments		-	-
		-----	-----
		429	448
Current assets			
Trade and other receivables		834	713
Cash and cash equivalents		999	1,502
		-----	-----
Total assets		1,833	2,215
Current liabilities			
Bank overdraft		(295)	(205)

Trade and other payables	(1,287)	(1,464)
Convertible loan notes	(300)	-
	-----	-----
	(1,882)	(1,669)
Non-current liabilities		
Convertible loan notes	-	(300)
	-----	-----
Total liabilities	(1,882)	(1,969)
	-----	-----
Net assets	380	694
	-----	-----
Shareholders' equity		
Called up share capital	2,068	2,068
Share premium account	9,927	9,927
Share option reserve	107	84
Profit and loss account	(11,722)	(11,385)
	-----	-----
Total shareholders' equity	380	694
	-----	-----

Webis Holdings plc
Statement of Changes in Shareholders' Equity
for the Period ended 30 May 2010

	Called up share capital £000	Share premium £000	Share option reserve £000	Retained earnings £000	Total shareholders' equity £000
Balance as at 25 May 2008	2,068	9,927	49	(11,837)	207
Share based payments - share options	-	-	35	-	35
Profit for the Period	-	-	-	452	452
	-----	-----	-----	-----	-----
Balance as at 31 May 2009	2,068	9,927	84	(11,385)	694
Share based payments - share options	-	-	23	-	23
Loss for the Period	-	-	-	(337)	(337)
	-----	-----	-----	-----	-----
Balance as at 30 May 2010	2,068	9,927	107	(11,722)	380
	-----	-----	-----	-----	-----

Webis Holdings plc
Consolidated Statement of Cash Flows
for the Period ended 30 May 2010

	2010	2009
	£000	£000
Net cash (outflow) / inflow from operating activities	(335)	663

Cash flows from investing activities		
Interest received	-	7
Purchase of intangible assets	(211)	(236)
Purchase of property, plant & equipment	(25)	(66)
	-----	-----
Net cash outflow from investing activities	(236)	(295)
Cash flows from financing activities		
Issue of equity shares	-	-
Interest paid	(22)	(30)
	-----	-----
Net cash outflow from financing activities	(22)	(30)
Net (decrease) / increase in cash and cash equivalents	(593)	338
Cash and cash equivalents at beginning of period	1,297	959
	-----	-----
Net cash and cash equivalents at end of period	704	1,297
	-----	-----
Cash and cash equivalents comprise		
Cash and deposits	999	1,502
Bank overdraft	(295)	(205)
	-----	-----
	704	1,297
	-----	-----
Cash generated from operations		
(Loss) / profit from operations	(315)	475
Adjusted for:		
Depreciation and amortisation	255	247
Share based payment charge	23	35
Increase in receivables	(121)	(66)
Decrease in payables	(177)	(28)
	-----	-----
Net cash (outflow) / inflow from operating activities	(335)	663
	-----	-----

Webis Holdings plc
Notes to the Consolidated Financial Statements
For the Period ended 30 May 2010

1 Reporting entity

Webis Holdings plc is a company domiciled in the Isle of Man. The address of the Company's registered office is Viking House, Nelson Street, Douglas, Isle of Man, IM1 2AH.

The Group's consolidated financial statements as at and for the Period ended 30 May 2010 consolidate those of the Company and its subsidiaries (together referred to as "the Group").

The preliminary announcement does not constitute the Group's statutory financial statements. It is an extract from the financial statements for the Period ended 30 May 2010 which have not yet been filed.

1.1 Basis of preparation

(a) Statement of compliance

The financial information included in this announcement has been extracted from the Group's consolidated financial statements prepared in accordance with International Financial Reporting

Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board ("IASB").

(b) Basis of measurement and functional currency

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

(c) Use of estimates and judgement

The preparation of Group financial statements in conformity with IFRS 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 assumptions used in the model to calculate the fair value of the share based payments are the most appropriate for the Group.

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

Certain comparative amounts have been reclassified to conform with the current year's presentation.

2 Segmental Analysis
Period ended 30 May 2010

		2010	2009
		£000	£000
Turnover			
Sportsbook	Asia Pacific	54,476	80,682
	UK & Ireland	13,656	9,228
	Europe	9,738	11,404
	Rest of the World	1,332	6,557
Pari-mutuel	United States	18,788	13,742
	Caribbean	16,177	18,536
		-----	-----
		114,167	140,149
		-----	-----
Profit / (loss) before tax			
Sportsbook		(778)	(41)
Pari-mutuel		464	531
Group		(23)	(38)
		-----	-----
		(337)	452
		-----	-----
Net assets			
Sportsbook		(757)	21
Pari-mutuel		1,579	1,115
Group		(442)	(442)
		-----	-----
		380	694
		-----	-----

3 Share based costs

	2010 £000	2009 £000
Share options	23	35
	-----	-----
	23	35
	-----	-----

4 Net finance costs

	2010 £000	2009 £000
Bank interest receivable	-	7
	-----	-----
	-	7
	-----	-----
Bank interest payable	(4)	(7)
Loan interest payable	(18)	(23)
	-----	-----
	(22)	(30)
	-----	-----
Net finance costs	(22)	(23)
	-----	-----

5 Tax on profit on ordinary activities

No provision for taxation is required for either the current or previous periods, due to the zero per cent corporate tax regime in the Isle of Man. Unprovided deferred tax was £nil (2009: £nil).

6 Earnings per ordinary share

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

The calculation of the 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 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.

	2010 £000	2009 £000
(Loss) / profit for the Period	(337)	452
	-----	-----
	No.	No.
Weighted average number of ordinary shares in issue	206,826,667	206,826,667
Diluted number of ordinary shares	226,498,798	226,498,798

Basic (loss)/profit per share	(0.16)	0.22
Diluted (loss)/profit per share	(0.16)	0.21

7 Intangible assets - Goodwill

	Goodwill
	£000
Cost	
Balance at 31 May 2009	43
Additions during the period	-

Balance at 30 May 2010	43

Amortisation and impairment	
At 31 May 2009	-
Amortisation for the period	-

At 30 May 2010	-

Net Book Value	
At 31 May 2009 and 30 May 2010	43

8 Intangible assets - Other

	Software & Development Costs
	£000
Cost	
Balance at 31 May 2009	2,306
Additions during the period	211

Balance at 30 May 2010	2,517

Amortisation and impairment	
At 31 May 2009	2,011
Amortisation for the period	195

At 30 May 2010	2,206

Net Book Value	
At 30 May 2010	311

At 31 May 2009	295

9 Property and equipment

	Computer equipment	Fixtures & fittings	Total
	£000	£000	£000
Cost			

At 31 May 2009	1,216	281	1,497
Additions	25	-	25
	-----	-----	-----
At 30 May 2010	1,241	281	1,522
	-----	-----	-----
Depreciation			
At 31 May 2009	1,132	255	1,387
Charge for the period	47	13	60
	-----	-----	-----
At 30 May 2010	1,179	268	1,447
	-----	-----	-----
Net Book Value			
At 30 May 2010	62	13	75
	-----	-----	-----
At 31 May 2009	84	26	110
	-----	-----	-----

10 Approval of financial statements

The financial statements were approved by the Board on 15 October 2010. The Annual Report is expected to be posted to shareholders on 20 October 2010 and will be available from that date at the Group's Registered Office: Viking House, Nelson Street, Douglas, Isle of Man IM1 2AH. A copy of the Annual Report will also be made available on the Group's website www.webisholdingsplc.com.

The Group's nominated advisor and broker is:
Evolution Securities, Kings House, 1 Kings Street, Leeds LS1 2HH.

This information is provided by RNS
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