

FOR IMMEDIATE RELEASE
28 October 2013

WEBIS HOLDINGS PLC
(“Webis” or “the Group”)

Report and accounts for the 52 week period ended 31 May 2013

Webis Holdings plc, the global gaming group, today announces its audited results for the period.

Operating Highlights

- Turnover has increased by 48.3% to £168.64 million (2012: £113.75 million)
- Gross profit has increased by 70.9% to £5.44 million (2012: £3.18 million)
- Total comprehensive profit has increased to £0.355 million (2012: loss of £0.041 million)
- Basic earnings per share have increased to 0.11 pence (2012: negative 0.02 pence)
- Gross margin has improved by 14.3% to 3.2% (2012: 2.8%)
- Net assets have increased by 424.2% to £3.11 million (2012: £0.59 million)
- Company Cash has increased by 131.1% to £2.59 million (2012: £1.07 million)
- Successful fundraising generated £0.8 million
- Successful first season at Cal Expo, California beating internal forecasts

Commenting on the results, Denham Eke, Chairman of Webis Holdings plc, said: “The Group has achieved a full year Total Comprehensive Profit: the first since 2009. We have consistently achieved good advances within both of our gaming subsidiaries: WatchandWager.com Limited (WatchandWager) and betinternet.com (IOM) Limited (betinternet). This follows our continued enhancement of customer-facing website content and the recruitment of more experienced industry personnel”.

The Audited Annual Report and Accounts will be posted to shareholders and will also be available from the Company's website, www.webisholdingsplc.com.

ENDS

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Chairman's Statement

Introduction

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

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

Year End Results Review

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

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

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

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

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

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

WatchandWager.com

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

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

Our first season of harness racing at Cal Expo finished in May 2013 and it has proven to be an exciting period, with our 'bricks and mortar' presence providing us with some strong

leverage, and greater recognition, throughout the US industry. This has assisted us in obtaining more racing content for international customers from the Churchill Downs and Monarch simulcast and media controlled racetracks and we are now able to accept wagers at some of the most prestigious race meetings in the US. We have also been granted access to the French PMU and the Swedish ATG betting pools, with the latter proving particularly popular with our client base.

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

betinternet.com

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

For the full year, turnover on our 'In Play' content increased to 57% (2012: 43%) of our total fixed odds turnover on single bets, with this percentage reaching over 80% during some individual weeks towards the end of the period. This highlights the importance of the work that our in-house development team have undertaken on our 'In Play' product. We remain committed to further investing in this part of our business and have entered into long-term contracts with established data and pricing providers to assist with continued growth in this area.

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

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

Regulatory developments

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

Post Year and Strategy

The board remains committed to further investing in both operations to build on the achievements that we have seen in the period. As previously announced WatchandWager was approved for an Advanced Deposit Wagering (ADW) licence by the California Horse Racing Board (CHRB) on 19th July. This licence is now operational and allows us to take

wagers from, and market to, Californian residents on content for which we have the Horsemen's agreement. We are currently working with the key industry participants to secure these agreements, and it is anticipated that holding this licence, together with our existing licence to operate harness racing at Cal Expo, will put us in a better strategic position for any further changes to gaming legislation within the state of California.

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

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

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

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

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

Outlook

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

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

Denham Eke
Chairman

Webis Holdings plc
Consolidated Statement of Comprehensive Income
For the period ended 31 May 2013

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

Webis Holdings plc
Consolidated Statement of Financial Position
As at 31 May 2013

	Note	2013 £000	2012 £000
Non-current assets			
Intangible assets - goodwill	7	111	111
Intangible assets - other	8	193	194
Property, equipment and motor vehicles	9	96	31
Bonds and deposits		135	-
		-----	-----
Total non-current assets		535	336
Current assets			
Trade and other receivables		1,255	621
Cash and cash equivalents – company funds		2,475	1,071
Cash and cash equivalents – protected player funds		2,639	1,612
		-----	-----
Total current assets		6,369	3,304

Current liabilities		
Trade and other payables	(3,765)	(3,046)
Bank loans	(15)	-
Total current liabilities	(3,780)	(3,046)
Non-current liabilities		
Bank loans	(10)	-
Total liabilities	(3,790)	(3,046)
Net assets	3,114	594
Equity		
Called up share capital	3,933	2,302
Share premium account	10,583	10,049
Share option reserve	116	116
Retained losses	(11,518)	(11,873)
Total equity	3,114	594

Webis Holdings plc
Statement of Changes in Shareholders' Equity
For the period ended 31 May 2013

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

Webis Holdings plc
Consolidated Statement of Cash Flows
For the period ended 31 May 2013

2013	2012
£000	£000

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

Webis Holdings plc
Notes to the Financial Statements
For the period ended 31 May 2013

1 Reporting entity

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

The Group's consolidated financial statements as at and for the period ended 31 May 2013 consolidate those of the Company and its subsidiaries (together referred to as "the Group").

The announcement does not constitute the Group's statutory financial statements. It is an extract from the financial statements for the period ended 31 May 2013 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 as adopted by the European Union.

(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.

2 Segmental Analysis

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

3 Share-based payment expense

2013	2012
£000	£000

Share options	-	-
	-----	-----
	-	-
	-----	-----

4 Net finance costs

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

5 Taxation

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

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 share options.

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

	2013	2012
	£000	£000
Profit/(loss) for the period	355	(41)
	-----	-----
	No.	No.

Weighted average number of ordinary shares in issue	330,148,762	230,171,644
Diluted number of ordinary shares	344,148,762	230,171,644
Basic earnings/(loss) per share (pence)	0.11	(0.02)
Diluted earnings/(loss) per share (pence)	0.11	(0.02)

7 Intangible assets – goodwill

	Goodwill £000
Cost	
Balance at 27 May 2012	111
Additions during the period	-

Balance at 31 May 2013	111

Amortisation and impairment	
At 27 May 2012	-
Amortisation for the period	-

At 31 May 2013	-

Net Book Value	
At 31 May 2013	111

At 27 May 2012	111

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

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

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

8 Intangible assets – other

	Software & Development Costs £000
Cost	
Balance at 27 May 2012	2,758
Additions during the period	102

Balance at 31 May 2013	2,860

Amortisation and impairment	
At 27 May 2012	2,564

Amortisation for the period	103
At 31 May 2013	----- 2,667
Net Book Value	-----
At 31 May 2013	193
At 27 May 2012	----- 194

9 Property, equipment and motor vehicles

	Computer equipment £000	Fixtures & fittings £000	Company Car £000	Total £000
Cost				
At 27 May 2012	1,256	285	17	1,558
Additions	71	16	5	92
At 31 May 2013	----- 1,327	----- 301	----- 22	----- 1,650
Depreciation				
At 27 May 2012	1,244	282	1	1,527
Charge for the period	16	5	6	27
At 31 May 2013	----- 1,260	----- 287	----- 7	----- 1,554
Net Book Value				
At 31 May 2013	----- 67	----- 14	----- 15	----- 96
At 27 May 2012	----- 12	----- 3	----- 16	----- 31

10 Approval of financial statements

The financial statements were approved by the Board on 25 October 2013. The Annual Report is expected to be posted to shareholders on 1 November 2013 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:
Beaumont Cornish Limited, 2nd Floor, Bowman House, 29 Wilson Street, London EC2M 2SJ

Notes to editors:

The following are attached:

Chairman's Statement
Consolidated Statement of Comprehensive Income
Consolidated Statement of Financial Position
Statement of Changes in Shareholders' Equity
Consolidated Statement of Cash Flows
Notes to the Financial Statements