



**FOR IMMEDIATE RELEASE**  
**4 February 2005**

**BETINTERNET.COM PLC**  
**(“the company” or “betinternet”)**  
**INTERIM RESULTS FOR THE 26 WEEKS ENDED 28 NOVEMBER 2004**

betinternet.com plc, the global on-line gaming group, today announces interim results for the 26 weeks ended 28 November 2004.

**Highlights of the results are:**

- ▶  Group turnover increased by 80% to £47.06m for the 26 week period (2003: £26.20m);
- ▶  Pari-mutuel activities, re-branded as European Wagering Services, reported turnover of £32.26m and gross profit of £0.68m for the 5 months of full ownership.
- ▶  Financing in place for future growth. £0.8m (gross) received after date.
- ▶  Gross profit up 32% at £1.48m (2003: £1.12m)
- ▶  EBITDA loss reduced to £0.18m (2003: loss of £0.93m)
- ▶  Net funds pre December 2004 fund raising £0.54m; an increase of £0.14m in the period.

Commenting on the results, Denham Eke, chairman of betinternet, said:

“These results show a sharply improved performance at EBITDA level and give me confidence that EBITDA profitability may shortly be achieved.

“The Company is now strongly placed to build upon the initial impressive growth of its pari-mutuel business, European Wagering Services. In addition, the recent successes of its casino and football game offerings are a blue-print for future expansion within the sportsbook business.”

**ENDS**

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**Notes to editors:**

The following are attached:

- ▶  Chairman’s statement
- ▶  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’.

## INTERIM RESULTS

### CHAIRMAN'S STATEMENT

#### Introduction

Following the recent strategic review of its operations, your Company has taken appropriate steps to capitalise upon the opportunities available to it.

The board considers that European Wagering Services Limited, its newly re-branded pari-mutuel business, and owner of the Isle of Man totalisator hub, is uniquely placed to provide a global link between major track operators, content providers and customers who wish to wager, making use of the wagering platform, multi-currency and technical services that the Company provides.

In addition, the Company continues to seek out further enhancements to the offering it provides to its fixed-odds customers. The recent successes of its newly introduced casino and football game offerings are a blue-print for future business expansion.

#### Overview of Results

During the period under review, group turnover showed an 80% increase to £47.06m (2003: £26.20m) and gross profit rose from £1.12m to £1.48m, an increase of 32%.

The Company's pari-mutuel business traded well ahead of our expectations. The activity was fully consolidated from June 30, 2004, the date on which we acquired the outstanding 50% interest from US Off-Track. Turnover for the 26 week period, including the 4 week period when it was not consolidated, was £35.07m, which compares with turnover of £45.03m for the entire 52 week period to 30 May 2004.

Gross profit from the operation rose to £0.75m for the entire period compared with £0.67m for the comparable period last year.

The sportsbook operation continued to reflect our more cautious approach towards risk which characterised its performance in the second half of last year. Turnover at £14.80m was considerably less than the comparable period (£26.20m) and reflected a further reduction in telephone activity; a reduction in unprofitable business lines and a stricter control of overhead, including marketing spend.

As a result of these measures, the gross margin percentage, after duty, rose to 5.4% compared with 4.3% in the previous period, resulting in a gross profit of £0.80m (2003: £1.12m).

Following a reduction in overheads of 19% to £1.66m (2003: £2.05m), the results therefore show a sharply improved performance at EBITDA level with the loss reduced to £0.18m, compared to the previous period loss of £0.93m.

After depreciation, an increased goodwill charge, share of profit of joint venture, and interest, the overall loss for the period was £0.72m, compared with £1.17m for the previous period.

#### Prospects

Your board is clearly focused on developing betinternet to become a leading technology solutions provider for the online gaming sector, maximising its market-leading technology to develop risk-free income streams to balance the unpredictable nature of fixed odds sports wagering.

The Company is strongly placed to build upon the initial impressive growth of its pari-mutuel business, European Wagering Services (formerly Euro Off-Track), and, in doing so, will seek to emphasise its expertise as a hub operator, in addition to its wagering operations.

The extensive range of host track contracts secured by the Company already provides customers with unrivalled opportunities to wager on US thoroughbred and greyhound content and therefore participate in the improved returns now available due to the recent elimination of US withholding tax.

The board's aim is to increase the breadth of the wagering opportunities available to its customers, particularly on an international scale. South African horseracing is already proving to be an attractive component within our wagering portfolio and negotiations are at an advanced stage with other international content providers.

Key to our ability to attract content providers to allow wagering through our totalisator, is their recognition that the Isle of Man is a well-regulated jurisdiction with the technical infrastructure and skill sets to support global wagering.

Following the period end, the Company has widened its sports book offering with the launch of a live casino and football game. The initial results are extremely encouraging. In its first five weeks of operation, the total level of wagers placed in the Company's Play Live Casino was in excess of \$6.2m. The Play Football game launched at the same time has had a similarly positive start. Similar opportunities involving sports gaming and gambling products are being actively pursued.

The directors strongly believe that the new strategic direction of the business provides major long-term opportunities and the Board remains confident that the Company will achieve its goal of becoming one of the leading providers of online gaming technology.

**Denham Eke**  
**Chairman**

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the 26 weeks ended 28 November 2004

		Unaudited 26 weeks to 28 November 2004 £000	Unaudited 26 weeks to 30 November 2003 £000	Audited 52 weeks to 30 May 2004 £000
	Notes			
<b>Turnover including share of joint venture</b>				
<b>Betting stakes received</b>				
Pari-mutuel	6	32,264	-	-
Sports betting		14,800	26,196	45,494
Joint venture	6	1,402	14,566	22,513
		<b>48,466</b>	<b>40,762</b>	<b>68,007</b>
Less share of joint venture turnover		<b>(1,402)</b>	<b>(14,566)</b>	<b>(22,513)</b>
<b>Total group turnover</b>	1	<b>47,064</b>	<b>26,196</b>	<b>45,494</b>
<b>Cost of sales</b>				
Winnings paid and bets laid off		<b>(45,558)</b>	<b>(25,054)</b>	<b>(43,004)</b>
Betting duty paid		<b>(29)</b>	<b>(23)</b>	<b>(53)</b>
<b>Gross Profit</b>	1	<b>1,477</b>	<b>1,119</b>	<b>2,437</b>
Administration expenses		<b>(1,656)</b>	<b>(2,049)</b>	<b>(3,901)</b>
<b>Earnings before interest, tax, depreciation and amortisation</b>				
Depreciation		<b>(179)</b>	<b>(930)</b>	<b>(1,464)</b>
Amortisation of goodwill		<b>(250)</b>	<b>(300)</b>	<b>(566)</b>
		<b>(316)</b>	<b>(109)</b>	<b>(219)</b>
<b>Gross operating loss</b>		<b>(745)</b>	<b>(1,339)</b>	<b>(2,249)</b>
Share of operating profit in joint venture		<b>24</b>	<b>169</b>	<b>354</b>
<b>Total operating loss including share of joint venture</b>		<b>(721)</b>	<b>(1,170)</b>	<b>(1,895)</b>
Interest		<b>1</b>	<b>3</b>	<b>1</b>
<b>Loss on ordinary activities before and after taxation and retained loss for the period</b>		<b>(720)</b>	<b>(1,167)</b>	<b>(1,894)</b>
<b>Basic and diluted loss per share (pence)</b>	3	<b>(0.57)</b>	<b>(1.00)</b>	<b>(1.62)</b>

## CONSOLIDATED BALANCE SHEET

As at 28 November 2004

	<b>Unaudited 28 November 2004 £000</b>	Unaudited 30 November 2003 £000	Audited 30 May 2004 £000
<b>Fixed assets</b>			
Intangible assets	899	328	219
Tangible assets	482	743	620
	<b>1,381</b>	1,071	839
<b>Current assets</b>			
Debtors	619	1,161	851
Cash at bank and in hand	583	781	444
	<b>1,202</b>	1,942	1,295
<b>Creditors: Amounts falling due within one year</b>	<b>(2,176)</b>	(1,484)	(1,517)
<b>Net current assets</b>	<b>(974)</b>	458	(222)
<b>Provision for liabilities and charges</b>			
Investment in joint venture			
Share of gross assets	-	390	446
Share of gross liabilities	-	(765)	(636)
Share of net liabilities	-	(375)	(190)
<b>Net assets</b>	<b>407</b>	1,154	427
<b>Capital and reserves</b>			
Called up share capital	1,254	1,167	1,167
Share premium account	7,541	6,928	6,928
Profit and loss account	(8,388)	(6,941)	(7,668)
<b>Equity shareholders' funds</b>	<b>407</b>	1,154	427

## CONSOLIDATED CASH FLOW STATEMENT

For the 26 weeks ending 28 November 2004

	Note	Unaudited 26 weeks to 28 November 2004 £000	Unaudited 26 weeks to 30 November 2003 £000	Audited 52 weeks to 30 May 2004 £000
<b>Net cash outflow from operating activities</b>	4	<b>(466)</b>	(900)	(984)
Returns on investment and servicing of finance		1	3	1
Acquisition of tangible fixed assets		(10)	(128)	(345)
Cash assumed on acquisition of joint venture		414	-	-
<b>Cash outflow before use of liquid resources and financing</b>		<b>(61)</b>	(1,025)	(1,328)
<b>Financing</b>				
Issue of convertible loan		200	-	-
<b>Increase/(decrease) in cash for the period</b>	5	<b>139</b>	(1,025)	(1,328)
<b>Reconciliation of net cash flow to movement in net funds</b>				
	Note	28 November 2004 £000	30 November 2003 £000	30 May 2004 £000
Opening net funds		437	1,765	1,765
Increase/(decrease) in cash for the period		139	(1,025)	(1,328)
Closing net funds	5	576	740	437

## NOTES TO THE ACCOUNTS

For the 26 weeks ending 28 November 2004

### 1 Segmental analysis

	Sports betting	Pari-mutuel	Total
26 weeks to 28 November 2004	£000	£000	£000
Betting stakes received	14,800	32,264	47,064
Winnings paid and bets laid off	(13,990)	(31,568)	(45,558)
Betting duty paid	(9)	(20)	(29)
Gross profit	801	676	1,477
Margin	5.4%	2.1%	3.1%

  

	Sports betting	Pari-mutuel	Total
26 weeks to 30 November 2003	£000	£000	£000
Betting stakes received	26,196	-	26,196
Winnings paid and bets laid off	(25,054)	-	(25,054)
Betting duty paid	(23)	-	(23)
Gross profit	1,119	-	1,119
Margin	4.3%	-	4.3%

In the 26 week period to 30 November 2003, the pari-mutuel activity was undertaken in joint venture.

### 2 Taxation

No provision is required due to the availability of losses brought forward.

### 3 Loss per share

The earnings per share calculation is based on the loss for the period after taxation and the weighted average number of shares in issue throughout the period. Calculations of loss per share is based on losses of £720,000 (2003: £1,167,000) and the weighted average number of ordinary being the equivalent of 125,448,127 (2003: 116,687,027) 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.

### 4 Reconciliation of operating loss to net cash outflow from operating activities

	Unaudited 26 weeks to 28 November 2004 £000	Unaudited 26 weeks to 30 November 2003 £000	Audited 52 weeks to 30 May 2004 £000
Operating loss	(745)	(1,339)	(2,249)
Non cash impact of acquisition of joint venture	(787)	-	-
Depreciation and amortisation charges	566	335	785
Decrease in debtors	232	450	760
Increase/(decrease) in creditors	268	(346)	(280)
Net cash outflow from operating activities	(466)	(900)	(984)

## NOTES TO THE ACCOUNTS

Continued

For the 26 weeks ending 28 November 2004

### 5 Analysis of net funds

	At 31 May 2004 £000	Cash flow £000	At 28 November 2004 £000
Cash in hand and at bank	444	139	583
Bank overdraft	(7)	-	(7)
	437	139	576

### 6 Acquisition

The 50% of European Wagering Services Limited (previously trading as Euro Off-Track) not previously owned was acquired on 30 June 2004 and was accounted for as follows:

	Book value on acquisition £000
Tangible fixed assets	99
Debtors	517
Cash	414
Creditors	(1,621)
Net Assets acquired	(591)
Share in joint venture (50%)	(296)
Goodwill	997
Issue of shares	(88)
Share premium	(613)
Consideration	-

The consolidated profit and loss account includes the group's share of turnover and operating profit for the period to 30 June 2004. Thereafter, the results of the operation are fully consolidated.



## **NOTES TO THE ACCOUNTS**

**Continued**

**For the 26 weeks ending 28 November 2004**

### **7 Basis of preparation of the financial statements**

The results for the period ended 28 November 2004 are prepared in accordance with applicable accounting standards, using the same accounting policies as set out in the group accounts for the year ended 30 May 2004. The interim statements are unaudited, but have been reviewed in accordance with Auditing Practices Board guidance by the Auditors, KPMG Audit LLC.

The directors have considered the adequacy of the cash resources and working capital available to the group for the next twelve months and, having also taken cognisance of the impact of the share placement in December 2004, which raised £800k (before expenses), are satisfied that the group has adequate resources to meet its obligations as they fall due. On this basis the directors have concluded that it is appropriate to prepare the financial statements on a going concern basis.

### **8 Other information**

- i. The comparative figures for the 52 weeks ended 30 May 2004 are not the company's statutory accounts for that financial period. Those accounts have been reported on by the company's auditors and delivered to the Companies Registry. The report of the auditors was unqualified.
- ii. All profits derive from continuing activities.
- iii. The interim statement was approved by the board on 4 February 2005.
- iv. The interim report is expected to be posted to shareholders on 17 February 2005 and will be available from that date at the Company's registered office, Viking House, Nelson Street, Douglas, Isle of Man, IM1 2AH
- v. The company's nominated advisor and broker is Williams de Broe, PO Box 515, 6 Broadgate, London EC2M 2RP.