

betinternet.com plc

The Isle of Man General Betting Duty Order 1998 introduced a reduced betting duty of 0.3% for International telephone bets. As a result of this development betinternet.com applied for and secured one of only 3 international licences available on Island.

betinternet.com plc began initially as a telephone call centre but has since changed the core of the business from high risk low margin telephone wagering to low risk higher margin internet business.

In March 2000, betinternet.com launched an interactive website offering fixed odds markets covering all major international sports. Soccer is our premier product, over 75% of turnover is achieved on soccer wagers.

betinternet.com plc was admitted to AIM in May 2000 raising £3m sterling. A further £4.5m sterling has been raised more recently mainly to fund the technical infrastructure, the expansion of the workforce (approaching 50 people in Douglas Headquarters), and as a marketing spend requirement to expand the brand globally.

The period from June 2001 to May 2002 has marked another year of rapid expansion for betinternet.com plc. Internet betting turnover increased 330%, gross profit increased 140% and customer accounts 188%. At the time of writing betinternet.com plc is turning over in excess of £7 million per month, over 2,000 new customer accounts are being opened on a monthly basis and the company is forecasting profitability will be reached by year end May 2003.

betinternet.com plc has several key markets in which it operates. The Far East has contributed the largest amount of online traffic, customers and revenue. The Far East currently accounts for 62% of betinternet's client base contributing 70% of gross turnover. The U.K. is the fastest growing marketplace with 13% of betinternet.com's current client base resident there. U.K. punters are responsible for 5% of gross revenue, the rest of the world accounts for the balance on turnover 25% and 25% of clients. No fixed odds wagers on sports are offered to American Citizens.

betinternet.com plc through its partnership venture with the Greyhound Channel Inc has also established a pari mutuel "super hub" in the Isle of Man which allows wagering data to be passed currently to 54 venues around the globe into commingled tote pools.

Our ability to offer these data transport services on a global basis puts us at the forefront of this industry sector, one which will become increasingly important in the future.

There are many reasons why betinternet is pleased to be located in the Isle of Man. The Isle of Man is a highly respected and well regulated jurisdiction. The Island bears the quality trademark of the British Isles. There is a strong compliance culture in place, AML and KYC regulations are stringent, and this protects operators, the government, the punters and not least the Island's reputation. Government has been sensible in its approach. A careful balance exists which has stops and checks in place for security but also allows business the flexibility to flourish and grow.

There are very favourable duty rates in place which permits a company such as ours the leeway to compete on a level playing field with our competitors elsewhere. There is in place a common pool agreement between the U.K. and Isle of Man Governments with regards to VAT and duty, this leads betinternet and its Board to the conclusion that we are not an offshore experience for a punter more a "midshore" one. In that respect the Isle of Man is unique and differentiates itself

from Gibraltar, Alderney or any Caribbean location for a Gaming Company. The Island has a highly educated, skilled and multi lingual workforce, essential to a company such as betinternet.com plc. Our website currently operates in 6 languages, English, Cantonese, Mandarin, Thai, German and Italian, we have found all the language skills we require to date on Island.

The Isle of Man has a world class telecommunications infrastructure in place; IOM information technology sector grew 43% in 2001. It has leading technology O2's research showcase with a £70m investment in last 3 years. The Island has a very high capacity bandwidth 1.2 Tera bits, equivalent to 10 times all European/Atlantic telephone traffic and strong IT skills and software development capabilities exist driven by the traditional technology drivers of the Finance Sector and Insurance. The IOM Government is committed to expenditure, £22.5m in past 2 years to truly make the Island an E-Commerce Centre of Excellence.

Due to all of these advantages being in place, betinternet.com plc applied to become the first bookmaker to be granted Barclays Merchant Service Status. This facility permits our customers to avail of comprehensive electronic banking systems. We run 100 credit reference checks over each new transaction of funds and deliver a six second turnaround of card deposits to our customers.

At the European Online Gaming Conference 2002, a recent trade show in London, the question of "Would betinternet.com switch from the Isle of Man to the U.K. if and when deregulation in the U.K. comes into effect?" was asked. The response was "betinternet.com's experience as an e-gaming company in the Isle of Man tells me no. We have better duty levels in the Isle of Man, better proposed corporation tax, and no capital gains tax. The infrastructure in the IOM is second to none, it permits betinternet the opportunity for a fully scalable business model. There is currently no jurisdiction in the world where I would rather be based."

For further information please visit betinternet.com's Investor Relations website at <http://217.23.170.21/investrelations> or betinternet.com's betting website at <http://www.betinternet.com>