

FOR IMMEDIATE RELEASE
15 September 2011

WEBIS HOLDINGS PLC
("Webis" or "the Group")
PRELIMINARY RESULTS FOR THE 52 WEEK PERIOD ENDED 29 MAY 2011

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

Summary:

- Loss for the period of £110,000 (2010: loss of £337,000)
- EBITDA profit of £149,000 (2010: loss of £37,000)
- Group gross profit increased by 17% to £3.04 million (2010: £2.6 million)
- Group turnover of £105.6 million (2010: £114.2 million)

Commenting on the results, Denham Eke, Chairman of Webis Holdings plc, said: "Although conditions in the market remain challenging, the Board believes that, after a much improved performance from betinternet, this business has the opportunity to further grow its market presence during the forthcoming year. There are now also signs that EWS is again beginning to trade in line with the Board's previous expectations".

ENDS

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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 Accounts

Chairman's Statement

Introduction

The performance of the Group's sportsbook operation, betinternet.com (IOM) Limited ("betinternet"), improved during the financial year ended 29 May 2011. The consolidated results for the period, however, were affected by a difficult year for the Group's pari-mutuel platform, European Wagering Services Limited ("EWS"). The Group's turnover for the year was £106 million (2010: £114 million). The Group recorded a diminished operating loss of £108,000 (2010: loss of £315,000) and generated positive EBITDA of £149,000 (2010: loss of £37,000).

EWS

In August 2010, EWS acquired a United States pari-mutuel hub, WatchandWager.com LLC, licenced with the North Dakota Racing Commission. In line with our US expansion strategy, we also established a permanent sales and marketing operation in the San Francisco Bay area during the year.

EWS encountered difficulties during the second half of the year in establishing a long-term payment solution for its online and telephone operations. This hindered our ability to accept and return customer funds via our link2bet.com website. Most payment processors and banks have been cautious with regard to the provision of services and the few that have done so have proven to be inconsistent and expensive.

This issue particularly affected the betting turnover of our higher margin 'leisure players'. As a result, whilst turnover only fell slightly by 3% to £34 million (2010: £35 million), gross profit reduced to £1,179,000 (2010: £1,446,000). Our reported performance was also impacted by an adverse movement in the US Dollar during the year and, together with additional customer payment and receipt processing costs, the business recorded an operating loss of £102,000 (2010: profit of £464,000).

EWS acted quickly to implement temporary payment solutions for our clients and a number of these are now in place. The Board anticipates the establishment of a permanent more robust solution in the coming weeks.

betinternet

betinternet's fixed odds business continued our positive trading performance during the first half into the second half of the year. The 'In-Play' product offering was further enhanced during the year and this, along with last summer's World Cup finals, was key to generating increased turnover at a much improved margin for this area of our business.

Better bonus control and the improved fixed-odds margin impacted on our casino and games activities during the second half. As a result, casino and games' annual turnover fell, the primary reason for generating lower turnover of £71.427 million (2010: £79.202 million). Despite this decrease, gross profit increased to £1,861,000 (2010: £1,171,000) following the improved performance of the fixed odds business. The business recorded a pre-tax profit of £1,000 (2010: loss of £778,000).

To address the lower activity in casino and games, we have refreshed our casino offering with an improved turnkey solution from a well-established games provider. During the final quarter of the financial year, we also launched a new games suite.

The sportsbook business has shown encouraging signs of progress. In particular, the Board believes that there are further growth opportunities for the fixed odds business, especially from 'In-Play' betting, where we implemented additional website enhancements to improve the user experience prior to the start of the current European football season.

Overview of Group Results

Group turnover for the full period to 29 May 2011 was £106 million (2010: £114 million) and gross profit increased by 16% to £3.04 million (2010: £2.62 million). Gross margin improved to 2.9% (2010: 2.3%).

The Group recorded a profit before interest, tax, depreciation and amortisation of £149,000 (2010: loss of £37,000) and an operating loss of £108,000 (2010: loss of £315,000).

Operating expenses increased by 9% compared with last year to £2,891,000 (2010: £2,655,000), primarily due to increased operating costs on the EWS operation as a result of the exchange loss, payment processing costs and costs of establishing a presence in the United States. betinternet's operating costs reduced during the year.

Funding

In February 2011, the Group's largest shareholder, Burnbrae Limited, exercised an option to convert its loan note of £300,000 together with interest thereon into 23,344,977 new ordinary shares of 1 penny each.

In July 2011, in order to comply with new legislation introduced in the Isle of Man requiring gaming companies to hold sufficient funds to cover all potential customer liabilities, the Group deposited £1,130,000 in designated client accounts, funded via a short term overdraft facility from Burnbrae Limited on normal commercial terms.

Strategy, current trading and outlook

Strategy, current trading and outlook

Our EWS US development plan commenced with the outsourced migration of its Hub operations from the Isle of Man to a contracted service provider in Maryland, a project which was completed in June 2011. This move is likely to result in greater access to international content for our player base at reduced cost. The Board has also commissioned the Thoroughbred Racing Protective Bureau (TRPB) in the US to update its report on EWS, with particular emphasis on its US operations. Compliance with the TRPB is now a requirement of most US thoroughbred tracks and track groups. This report is due to be issued to member tracks by the end of this year at the latest. Concurrent with these developments, the Board also expects to further progress its web development and marketing plans in the US over the coming months.

The Board is of the opinion that, once a robust cost-effective payment processing solution has been established, EWS will be suitably positioned to develop our aggressive sales and marketing strategy and increase the level of racing content. In this respect, our business plan for EWS remains unchanged going into the new financial year. There are now also signs that EWS is again beginning to trade in line with the Board's previous expectations.

betinternet has continued to trade in line with the Board's expectations through the first quarter of the new financial year. The increase in fixed odds turnover achieved during the latter part of the last financial year has been sustained into the summer. We have benefited from the addition of new content, as we continue to utilise and integrate third party data feeds without the need for additional personnel. The casino and games turnover and margin has also improved steadily during the first quarter, with the live dealer casino product in particular showing strong revenue over the summer months.

Although conditions in the market remain challenging, the Board believes that, after a much improved performance from betinternet, this business has the opportunity to further grow its market presence during the forthcoming year.

Denham Eke
Chairman

Webis Holdings plc Consolidated Statement of Comprehensive Income for the Period ended 29 May 2011

	Note	2011 £000	2010 £000
Turnover	2	105,546	114,167
Cost of sales		(102,470)	(111,519)
Betting duty paid		(36)	(30)
		-----	-----
Gross Profit		3,040	2,618
Administration expenses		(2,891)	(2,655)
		-----	-----
Earnings before interest, tax, depreciation and amortisation		149	(37)
Depreciation and amortisation		(248)	(255)
Share-based payment costs	3	(9)	(23)
		-----	-----
Total operating loss		(108)	(315)
Net finance costs	4	(2)	(22)
Taxation	5	-	-
		-----	-----
Total comprehensive loss for the period attributable to owners		(110)	(337)
		-----	-----
Basic and diluted loss per share (pence)		(0.05)	(0.16)
		-----	-----

Webis Holdings plc

Webis Holdings plc
Consolidated Statement of Financial Position
As at 29 May 2011

	Note	2011 £000	2010 £000
Non-current assets			
Intangible assets - goodwill	7	111	43
Intangible assets - other	8	231	311
Property and equipment	9	34	75
Total non-current assets		376	429
Current assets			
Trade and other receivables		838	834
Cash and cash equivalents		1,470	999
Total current assets		2,308	1,833
Current liabilities			
Bank overdraft		-	(295)
Trade and other payables		(2,049)	(1,287)
Convertible loan notes		-	(300)
Total current liabilities		(2,049)	(1,882)
Net assets		635	380
Shareholders' equity			
Called up share capital		2,302	2,068
Share premium account		10,049	9,927
Share option reserve		116	107
Profit and loss account		(11,832)	(11,722)
Total shareholders' equity		635	380

Webis Holdings plc
Statement of Changes in Shareholders' Equity
for the Period ended 29 May 2011

	Called up share capital £000	Share premium £000	Share option reserve £000	Retained earnings £000	Total shareholders' equity £000
Balance as at 31 May 2009	2,068	9,927	84	(11,385)	694
Total Comprehensive loss for the period	-	-	-	(337)	(337)
Transactions with owners					
Share-based payment expense	-	-	23	-	23
Balance as at 30 May 2010	2,068	9,927	107	(11,722)	380
Total Comprehensive loss for the period	-	-	-	(110)	(110)
Transactions with owners					
Arising on shares issued in the year	234	122	-	-	356
Share-based payment expense	-	-	9	-	9
Balance as at 29 May 2011	2,302	10,049	116	(11,832)	635

Webis Holdings plc
Consolidated Statement of Cash Flows

**Consolidated Statement of Cash Flows
for the Period ended 29 May 2011**

	2011	2010
	£000	£000
Net cash inflow (outflow) from operating activities	607	(335)
Cash flows from investing activities		
Interest received	-	-
Purchase of intangible assets	(183)	(211)
Purchase of property, plant and equipment	(12)	(25)
	-----	-----
Net cash outflow from investing activities	(195)	(236)
Cash flows from financing activities		
Interest paid	(2)	(22)
Issue of equity shares	356	-
	-----	-----
Net cash inflow (outflow) from financing activities	354	(22)
Net increase / (decrease) in cash and cash equivalents	766	(593)
Cash and cash equivalents at beginning of period	704	1,297
	-----	-----
Net cash and cash equivalents at end of period	1,470	704
	-----	-----
Cash and cash equivalents comprise		
Cash and deposits	1,470	999
Bank overdraft	-	(295)
	-----	-----
	1,470	704
	-----	-----
Cash generated from operations		
Loss from operations	(108)	(315)
Adjusted for:		
Depreciation and amortisation	248	255
Share-based payment cost	9	23
Increase in receivables	(4)	(121)
Increase / (decrease) in payables	462	(177)
	-----	-----
Net cash inflow / (outflow) from operating activities	607	(335)
	-----	-----

**Webis Holdings plc
Notes to the Consolidated Financial Statements
For the Period ended 29 May 2011**

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 29 May 2011 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 29 May 2011 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.

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(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.

2 Segmental Analysis

Period ended 29 May 2011

		2011	2010
		£000	£000
Turnover			
Sportsbook	Asia Pacific	57,863	54,476
	UK & Ireland	8,692	13,656
	Europe	4,070	9,738
	Rest of the World	802	1,332
Pari-mutuel	United States	17,694	18,788
	Caribbean	13,912	16,177
	Australia	2,513	-
		-----	-----
		105,546	114,167
		-----	-----
Profit / (loss) before tax			
Sportsbook		1	(778)
Pari-mutuel		(102)	464
Group		(9)	(23)
		-----	-----
		(110)	(337)
		-----	-----
Net assets			
Sportsbook		(756)	(757)
Pari-mutuel		1,477	1,579
Group		(86)	(442)
		-----	-----
		635	380
		-----	-----

3 Share-based payment costs

	2011	2010
	£000	£000
Share options	9	23
	-----	-----
	9	23
	-----	-----

4 Net finance costs

	2011	2010
	£000	£000
Bank interest receivable	-	-
	-----	-----
	-	-
	-----	-----
Bank interest payable	(5)	(4)

Bank interest payable	(5)	(4)
Loan interest payable	3	(18)
	-----	-----
	(2)	(22)
	-----	-----
Net finance costs	(2)	(22)
	-----	-----

5 Taxation

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 (2010: £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 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.

	2011 £000	2010 £000
Loss for the period	(110)	(337)
	-----	-----
	No.	No.
Weighted average number of ordinary shares in issue	212,902,757	206,826,667
Diluted number of ordinary shares	230,171,644	226,498,798
Basic loss per share (pence)	(0.05)	(0.16)
Diluted loss per share (pence)	(0.05)	(0.16)

7 Intangible assets - Goodwill

	Goodwill £000
Cost	
Balance at 30 May 2010	43
Additions during the period	68

Balance at 29 May 2011	111

Amortisation and impairment	
At 30 May 2010	-
Amortisation for the period	-

At 29 May 2011	-

Net Book Value	
At 29 May 2011	111

At 30 May 2010	43

The addition during the period relates to goodwill arising on the acquisition on 1 August 2010 of WatchandWager.com LLC, a US registered entity and licenced for pari-mutuel wagering in North Dakota.

8 Intangible assets - Other

Software &
Development
Costs

	Costs £000
Cost	
Balance at 30 May 2010	2,517
Additions during the period	115

Balance at 29 May 2011	2,632

Amortisation and impairment	
At 30 May 2010	2,206
Amortisation for the period	195

At 29 May 2011	2,401

Net Book Value	
At 29 May 2011	231

At 30 May 2010	311

9 Property and equipment

	Computer equipment £000	Fixtures & fittings £000	Total £000
Cost			
At 30 May 2010	1,241	281	1,522
Additions	12	-	12
	-----	-----	-----
At 29 May 2011	1,253	281	1,534
	-----	-----	-----
Depreciation			
At 30 May 2010	1,179	268	1,447
Charge for the period	42	11	53
	-----	-----	-----
At 29 May 2011	1,221	279	1,500
	-----	-----	-----
Net Book Value			
At 29 May 2011	32	2	34
	-----	-----	-----
At 30 May 2010	62	13	75
	-----	-----	-----

10 Approval of financial statements

The financial statements were approved by the Board on 14 September 2011. The Annual Report is expected to be posted to shareholders on 20 September 2011 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:
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This information is provided by RNS
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