

FOR IMMEDIATE RELEASE
20 November 2014

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

Annual Report and Accounts for the year ended 31 May 2014
Notice of AGM

Webis Holdings plc, the global gaming group, today announces its audited results and the publication of its 2014 Annual Report and Accounts (“Accounts”) for the year ended 31 May 2014, extracts from which are set out below.

The Accounts are expected to be posted to shareholders on or around 26 November 2014 together with the Notice of Annual General Meeting (“AGM”) and will be available from that date on the Group’s website www.webisholdingsplc.com and at the Group’s Registered Office: Viking House, Nelson Street, Douglas, Isle of Man IM1 2AH.

The AGM will be held at The Claremont Hotel, 18/19 Loch Promenade, Douglas, Isle of Man, on 19 December 2014 at 11 am.

Operating Highlights

- Turnover has increased by 4.2% to US\$275.85 million (2013: US\$264.68 million)
- Gross profit has increased by 2.1% to US\$8.71 million (2013: US\$8.53 million)
- Total comprehensive income has increased to US\$0.46 million (2013: profit of US\$0.28 million)
- Basic earnings per share have increased to 0.13 cents (2013: 0.07 cents)
- Total assets have increased by 27.4% to US\$13.40 million (2013: US\$10.52 million)

Commenting on the results, Denham Eke, Non-executive Chairman of Webis Holdings plc, said: “The Group has achieved a Total Comprehensive Profit for the full financial year ended 31 May 2014. WatchandWager.com, the Group’s pool-wagering and racetrack operation has made some excellent strategic progress, particularly with increasing the availability of premium global wagering content for our customers. The Group’s Sportsbook operation, betinternet.com (IOM) Limited has remained resilient against some strong regulatory headwinds that are impacting the online gambling industry as a whole.”

ENDS

For further information:

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Garry Knowles, Managing Director

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Tim Blackstone

Chairman's Statement

Shareholders should note that the Board has elected to change the Company's reporting currency from Sterling to US Dollars so as to more accurately reflect the overall performance of the Group, which has the majority of its assets held, and transactions conducted, in US Dollars.

Introduction

I am pleased to report that Webis Holdings plc ("Webis" or "the Group") has achieved a Total Comprehensive Profit for the full financial year ended 31 May 2014.

WatchandWager.com ("WatchandWager"), the Group's pool-wagering and racetrack operation has made some excellent strategic progress, particularly with increasing the availability of premium global wagering content for our customers.

The Group's sportsbook operation, betinternet.com (IOM) Limited ("betinternet" or "Sportsbook") has remained resilient against some strong regulatory headwinds that are impacting the online gambling industry as a whole.

Year End Results Review

Group turnover for the year ended 31 May 2014 was \$275.85 million (2013: \$264.68 million). Gross Profit increased by 2.1% to \$8.71 million (2013: \$8.53 million). Overall gross margin was 3.2% (2013: 3.2%).

Operating expenses increased by 9% over the previous year to \$8.55 million (2013: \$7.83 million). The majority of the increase in expenses was attributable to the implementation of our growth strategy for WatchandWager in the US.

Shareholder equity has increased to \$5.17 million (2013: \$4.75 million) with total cash at \$8.40 million (2013: \$7.79 million), which includes a ring-fenced amount of \$4.74 million (2013: \$4.02 million) held as protection against our player liability as required under Isle of Man gambling legislation.

Pool-wagering turnover increased to \$67.59 million (2013: \$52.89 million), with a loss before tax of \$0.17 million (2013: profit of \$0.02 million). Racetrack Operations achieved a turnover of \$51.45 million (2013: \$59.52 million) with a profit before tax of \$0.13 million (2013: loss of \$0.002m).

Our Sportsbook turnover increased to \$156.81 million (2013: \$152.18 million) achieving a profit before tax of \$0.27 million (2013: profit of \$0.38 million).

WatchandWager

WatchandWager, experienced a 24% growth in turnover for the full year, boosted by new player activity into the Hong Kong Jockey Club and Swedish ATG racetrack pools. Both of these outlets provide us with a competitive advantage over other international operators and are part of our growth strategy to secure further global licences and agreements. We have now established a highly competitive level of global racing content that we are able to offer to our customers through our multiple wagering channels.

Following these successes, the Board has agreed to further investment in our pool-wagering division, concentrating on recruiting additional resource to manage the growing scope of our US-based operations. This activity will be focused to specifically make further improvements to the entire *watchandwager.com* wagering platform. The Board believes that this additional investment expense will translate into enhanced turnover and margin derived from the operation in the near term.

We experienced some delays in the full roll-out of our primary website *watchandwager.com* and mobile application, in an effort to ensure it adequately caters for the needs of our US customer base. As a result performance was below expectations in this sector over the full year. In addition, redirecting the majority of our transactions through our US licences has also impacted our cost base with increased levels of duty, licensing and compliance costs incurred in the US. The Board views this increased expenditure as part of the cost of operating legitimately in the US market and anticipates that as our turnover grows, we will see the percentage of these costs level off against revenue.

Cal Expo, our Sacramento-based harness racetrack operation, adjusted its meeting schedules to achieve the best return for all stakeholders and, by keeping a very close control of the costs, helped to bring profitability to this part of the Group, despite a reduction in turnover for the full racing season. The racetrack remains a key part of our strategy and has continued to offer meaningful leverage in developing the pool-wagering and wider business, with WatchandWager and partner racetrack groups continuing to be actively involved in discussions on legislative change within online gaming in California. The number of parties who have conflicting interests in the opening up of the gaming market in this state may mean however, that any legislative changes are likely to take some time to materialise.

betinternet

betinternet saw overall turnover continue at a similar level to the previous year. Fixed Odds turnover achieved good growth due to the popularity of In Play, whereas Casino and Games activity reduced as the changing government perceptions towards online gaming in Singapore, one of our main Asian markets, meant we were obliged to curtail some of our casino and gaming activity in February. This was one of the external challenges in the second half which resulted in a lower overall full-year margin than had been anticipated. Also, a reduction in card authorisations from Singapore and some unfavourable football results in the latter part of the European football season also had an impact on the overall gross margin achieved for the full year, which ended at \$4.25 million, although this remained ahead of the previous year (2013: \$4.01 million).

For the full year, the Sportsbook fixed-odds margin showed a good level of consistency, remaining similar to that achieved last year at 3.74% (2013: 3.75%). In Play betting accounted for 73% (2013: 57%) of all fixed odds turnover on single bets, highlighting the shifting preference of our customers towards our engaging live betting product.

As we grew more comfortable with our price modelling and technologies for In Play Tennis, we increased our exposure to client activity on this product during the second half, which resulted in an uplift in the overall levels of turnover and margin. We further increased our In Play offering to include Baseball, Rugby and Volleyball and focused the majority of our internal development work on this growing area.

Post Year, Strategy and Regulatory Developments

WatchandWager has now established full access to all of the major US racetrack pools, following our agreement with the New York Racing Association in June. This contract signing was the trigger for a further increase in a variety of targeted marketing activity for the *watchandwager.com* website.

WatchandWager has renewed its California Horse Racing Board racing licence for Cal Expo and our third season of racing restarted in early October. Following consultation with US media groups, Cal Expo has switched from a Friday and Saturday schedule to race on Saturday and Sunday evenings. WatchandWager is also increasing the prize money incentive scheme for this season. These initiatives are designed to promote strong horse numbers throughout the season and encourage greater exposure of our races on television.

Results during the football World Cup tournament in June and July in Brazil were generally favourable for betinternet which achieved an encouraging margin. Overall results during the early part of the year have also been favourable. In Play Tennis has continued to be our biggest growth area, with significant increases in activity during the Wimbledon and US Open championships.

The regulatory environment in which our Sportsbook operates continues to change around us, with many governments taking the opportunity to review their existing gambling legislation, particularly as it relates to online activities. In many cases, the primary reason for the introduction of new laws is to offer protection for customers, but invariably this legislation increases contribution levels through additional licence fees and increased duty payments. In many cases this has the unintended effect of restricting legal competition. As there is little global standardisation of legislation, the overall cost of entering newly regulated markets can be high, making the business case difficult to justify in many jurisdictions, with these costs likely to impact the smaller, niche operators disproportionately.

As an example, the Singapore Remote Gambling Bill 2014 was passed by the Singapore Parliament on 7 October 2014. This Bill imposes severe restrictions on the companies that are able to legally provide online gambling services within this jurisdiction. We expect the effects of this Bill to impact during the first half of 2015. Therefore, in compliance with Group policy, we will withdraw betinternet from any activity in the Singapore market. This withdrawal will have a material impact on the profitability of this part of our business, despite concerted efforts to reduce our reliance on this region.

The Board is currently undertaking a comprehensive review of the opportunities available to the Sportsbook and its continued viability. In the interim, the Board has agreed that betinternet will focus only on regulated gaming markets, including customer activity from UK residents. In this connection, Webis made an application for a UK gambling licence, specifically for Sportsbook activities, under the transitional arrangements for those operators holding an existing Isle of Man Gambling licence. I am pleased to report that Webis has been granted a 'continuation' licence by the UK Gambling Commission which took effect from the start of the new legislation on 1 November 2014. This will allow us the opportunity to be granted a full UK licence in due course.

Pending the outcome of the internal review, the Board considers that the Group's current activities are correctly aligned to ensure the best prospects for future growth.

I would like to thank all of our staff, our customers and our shareholders for their continued support throughout the year.

Denham Eke
Non-executive Chairman

Consolidated Statement of Comprehensive Income
For the year ended 31 May 2014

	Note	2014 US\$000	Restated (see Note 1.1) 2013 US\$000
Turnover	2	275,847	264,678
Cost of sales		(266,962)	(255,963)
Betting duty paid		(178)	(181)
Gross profit		8,707	8,534
Operating costs		(8,554)	(7,832)
Other gains / (losses) - net		351	(462)
Operating profit		504	240
Finance income	3	12	18
Finance costs	3	(3)	(32)
Finance income / (costs) - net		9	(14)
Profit before income tax		513	226
Income tax expense	4	—	—
Profit for the year		513	226

Other comprehensive income:

Items that may be subsequently reclassified to profit or loss:

Currency translation differences on translation of foreign subsidiaries		(58)	54
Other comprehensive income for the year		(58)	54
Total comprehensive income for the year		455	280

Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the year (cents)	5	0.13	0.07
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Consolidated Statement of Financial Position
As at 31 May 2014

	Note	31.05.14 US\$000	Restated (see Note 1.1) 31.05.13 US\$000	Restated (see Note 1.1) 28.05.12 US\$000

	Note	31.05.14 US\$000	Restated (see Note 1.1) 31.05.13 US\$000	Restated (see Note 1.1) 28.05.12 US\$000
Non-current assets				
Intangible assets	6	489	463	489
Property, equipment and motor vehicles	7	183	146	50
Investments		—	—	—
Bonds and deposits	9	704	206	—
Total non-current assets		1,376	815	539
Current assets				
Bonds and deposits	9	1,298	—	—
Trade and other receivables		2,325	1,915	997
Cash and cash equivalents	8	8,402	7,790	4,301
Total current assets		12,025	9,705	5,298
Total assets		13,401	10,520	5,837
Equity				
Called up share capital		6,334	6,334	3,690
Share premium account		16,978	16,978	16,110
Share option reserve		156	187	187
Foreign currency translation reserve		(4)	54	—
Retained losses		(18,295)	(18,808)	(19,034)
Total equity		5,169	4,745	953
Non-current liabilities				
Bank loans		—	15	—
Total non-current liabilities		—	15	—
Current liabilities				
Trade and other payables		8,215	5,737	4,884
Bank loans		17	23	—
Total current liabilities		8,232	5,760	4,884
Total liabilities		8,232	5,775	4,884
Total equity and liabilities		13,401	10,520	5,837

**Consolidated Statement of Changes in Equity
For the year ended 31 May 2014**

	Called up share capital US\$000	Share premium US\$000	Share option reserve US\$000	Foreign currency translation reserve US\$000	Retained earnings US\$000	Total equity US\$000
Balance as at 27 May 2012	3,690	16,110	187	—	(19,034)	953

	Called up share capital US\$000	Share premium US\$000	Share option reserve US\$000	Foreign currency translation reserve US\$000	Retained earnings US\$000	Total equity US\$000
(Restated – see Note 1.1)						
Total comprehensive income for the period:						
Profit for the period	—	—	—	—	226	226
Other comprehensive income	—	—	—	54	—	54
Transactions with owners:						
Arising on shares issued in the period	2,644	868	—	—	—	3,512
Balance as at 31 May 2013 (Restated – see Note 1.1)	6,334	16,978	187	54	(18,808)	4,745
Total comprehensive income for the year:						
Profit for the year	—	—	—	—	513	513
Other comprehensive income	—	—	—	(58)	—	(58)
Transactions with owners:						
Share-based payment credit	—	—	(31)	—	—	(31)
Balance as at 31 May 2014	6,334	16,978	156	(4)	(18,295)	5,169

**Consolidated Statement of Cash Flows
For the year ended 31 May 2014**

	2014 US\$000	Restated (see Note 1.1) 2013 US\$000
Cash flows from operating activities		
Profit before income tax	513	226
Adjustments for:		
- Depreciation of property, equipment and motor vehicles	71	42
- Amortisation of intangible assets	135	163
- Finance (income) / costs - net	(9)	14
- Foreign exchange (gains) / losses on revaluation	(478)	333
- Share-based payment credit	(31)	—
Changes in working capital:		
- Increase in receivables	(410)	(918)
- Increase in payables	2,478	2,667
Cash flows from operations	2,269	2,527
Finance income	12	18
Bonds and deposits placed in the course of operations	(1,796)	(206)
Net cash generated from operating activities	485	2,339
Cash flows from investing activities		
Purchase of intangible assets	(120)	(155)

	2014 US\$000	Restated (see Note 1.1) 2013 US\$000
Purchase of property, equipment and motor vehicles	(99)	(140)
Disposal of property, equipment and motor vehicles	3	—
Net cash used in investing activities	(216)	(295)
Cash flows from financing activities		
Interest paid	(3)	(32)
Loans (repaid) / received	(21)	38
Loans received from related party	—	267
Issue of equity shares	—	1,302
Net cash (used in) / generated from financing activities	(24)	1,575
Net increase in cash and cash equivalents	245	3,619
Cash and cash equivalents at beginning of year	7,790	4,301
Exchange gains / (losses) on cash and cash equivalents	367	(130)
Cash and cash equivalents at end of year	8,402	7,790

Notes to the Financial Statements

For the year ended 31 May 2014

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 year ended 31 May 2014 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 year ended 31 May 2014 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 ("IFRSs") and its interpretations as adopted by the European Union.

(b) Basis of measurement and functional/presentational currency

The Group consolidated financial statements are prepared under the historical cost convention except where assets and liabilities are required to be stated at their fair value. Following the development of the US-based pari-mutuel and racetrack operations, the Group's US operations have expanded and become more significant to the results of the Group. The dominant functional currency of the operating subsidiaries is the US Dollar. This is not only driven by US domiciled businesses but also by businesses outside the US, which have a US Dollar functional currency. The Group's revenues, cash flows and economic returns are now principally denominated in US Dollars. Webis Holdings plc has changed the currency in which it presents its consolidated and Parent Company Financial Statements from Sterling to US Dollars, as this will give a more meaningful view of the Group's and Company's financial performance and position.

(c) Use of estimates and judgement

The preparation of the Group financial statements in conformity with IFRS as adopted by the EU 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 models and assumptions used to calculate the fair value of the share-based payments are the most appropriate for the Group.

2 Segmental Analysis

		2014 US\$000	2013 US\$000
Turnover			
Sportsbook	Asia Pacific	112,045	120,937
	Europe	23,379	11,372
	UK & Ireland	15,874	17,002
	Rest of the World	5,507	2,870
Pari-mutuel and Racetrack Operations	United States	88,852	86,038
	Asia Pacific	17,010	10,074
	Caribbean	10,330	15,539
	UK & Ireland	2,386	626
	Europe	464	220
		275,847	264,678
Total comprehensive income			
Sportsbook		209	437
Pari-mutuel and Racetrack Operations		(39)	15
Group		285	(172)
		455	280
Net assets			
Sportsbook		(578)	(787)
Pari-mutuel and Racetrack Operations		2,980	3,019
Group		2,767	2,513
		5,169	4,745

3 Finance income / (costs) - net

	2014 US\$000	2013 US\$000
Bank interest receivable	12	18
Finance income	12	18
Bank interest payable	(3)	(2)
Loan interest payable	-	(30)
Finance costs	(3)	(32)
Finance income / (costs) - net	9	(14)

4 Income tax expense

	2014 US\$000	2013 US\$000
Profits before tax	513	226
Tax charge at IOM standard rate (0%)	-	-

	2014 US\$000	2013 US\$000
Adjusted for:		
Tax credit for US tax losses (at 15%)	(95)	(30)
Add back deferred tax losses not recognised	95	30
Tax charge for the year	–	–

5 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 year.

The calculation of 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.

	2014 US\$000	2013 US\$000
Profit for the year	513	226
	No.	No.
Weighted average number of ordinary shares in issue	393,338,310	330,148,762
Diluted number of ordinary shares	407,338,310	344,148,762
Basic and diluted earnings per share	0.13	0.07

6 Intangible assets

	Goodwill	Software & Development	Total
	US\$000	US\$000	US\$000
Cost			
Balance at 31 May 2013	169	4,357	4,526
Additions during the year	–	120	120
Currency translation differences	17	24	41
Balance at 31 May 2014	186	4,501	4,687
Amortisation and Impairment			
At 31 May 2013	–	4,063	4,063
Amortisation for the year	–	135	135
At 31 May 2014	–	4,198	4,198
Net book value			
At 31 May 2014	186	303	489
At 31 May 2013	169	294	463

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 licensed 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.

7 Property, equipment and motor vehicles

Group	Computer Equipment US\$000	Fixtures, Fittings & Track Equipment US\$000	Motor Vehicles US\$000	Total US\$000
Cost				
At 31 May 2013	2,022	458	34	2,514
Additions	70	25	4	99
Disposals	–	(3)	–	(3)
Currency translation differences	8	2	2	12
At 31 May 2014	2,100	482	40	2,622
Depreciation				
At 31 May 2013	1,920	437	11	2,368
Charge for the year	48	12	12	72
Disposals	–	(1)	–	(1)
At 31 May 2014	1,968	448	23	2,439
Net book value				
At 31 May 2014	132	34	17	183
At 31 May 2013	102	21	23	146

8 Cash and cash equivalents

	2014 US\$000	2013 US\$000
Cash and cash equivalents – company funds	3,657	3,770
Cash and cash equivalents – protected player funds	4,745	4,020
Total cash and cash equivalents	8,402	7,790

The Group holds funds for operational requirements, shown as “company funds” and on behalf of its Isle of Man regulated customers, shown as “protected player funds”.

Protected player funds are held in fully protected client accounts within an Isle of Man regulated bank.

9 Bonds and deposits

	2014 US\$000	2013 US\$000
Bonds and deposits which expire within one year	1,298	–
Bonds and deposits which expire within one to two years	–	–
Bonds and deposits which expire within two to five years	704	206
	2,002	206

A rent deposit of \$200,000 was paid to California Exposition & State Fair and is for a term of 5 years (2013: \$200,000). \$500,000 has been paid as a bond in relation to WatchandWager's Californian ADW licence (2013: \$Nil). Rent and security deposits of \$3,678 have been paid in relation to office deposits and security and are expected to be in place for at least a minimum of two years (2013: \$Nil). A retainer account of \$1,289,792 is held with the Hong Kong Jockey Club. A sales tax

deposit of \$5,850 was paid to the State Board of Equalization and was refunded in June 2014 (2013: \$5,850). An annually renewable insurance bond of \$2,000 is also in place.

10 Approval of financial statements

The financial statements were approved by the Board on 19 November 2014.

The Group's nominated advisor and broker is:

Beaumont Cornish Limited, 2nd Floor, Bowman House, 29 Wilson Street, London EC2M 2SJ