



Final Results for the Year to 31 July 2010

Dated: 10 January 2011

Chairman's Statement

Operating and Financial Review

The year end comes some seven months after the new Board took over the management of The Weather Lottery Plc. My last half-year statements only advised of our arrival and our intentions in both the short and long terms.

I am pleased to report that our short term intentions of undertaking modest but necessary fund raising through share placings amongst the new Board and its supporters have been completed. Initially we successfully raised £100,000 to place the company on a sound up-to-date financial footing. At, and just after, the year end a further total funding of £300,000 by way of a placing was necessary to prepare for the stated expansion of the existing lottery operations into the gaming sector particularly through the medium of partnership contracts with professional football clubs. You may have seen the various announcements which the company has made reporting these activities.

Your Board has set itself certain objectives during the period from the time of its appointment in January to the year-end in July. Its first objective is to expand organically the core lottery business. It seeks to do this by increasing the number of participants within lotteries operated by existing customers and also to attract new organisations within its target charitable, sports, political and media sectors. In this objective it has been successful although the full effect of this on the figures takes time to show through.

Complimentary to its decision to concentrate on the football club sector, The Weather Lottery has created a new lottery brand specifically for the clubs called "FC Lotto" which is proving popular. The figures to the year end show a slight decline in overall lottery turnover from £1.345million to £1.231million. It is hoped that the steps which are being taken will reverse this trend. However, the signs at the year-end are good and I hope to be able to announce in my next statements that the lottery participants and revenue are on the increase from existing clients and new contract wins have been made, particularly in the sporting, political and media sectors,

Strategy and Outlook

As reported in the various public announcements, the Board has taken a decision to add to the existing business a new range of gaming products for both existing and new customers alike. These operations commenced with the creation of a "Sports Book" operation to enable registered players to place bets on sporting events, particularly football matches, whether on-line or in-stadium at the games of partnership clubs. During the year in question this was only just beginning to be organised as it was always intended to

commence with the new football season in August 2010. The signs are very encouraging with now eight clubs signed up to take gaming and lottery products offered by The Weather Lottery whether through the FC Lotto brand or the new gaming brand, again created for the football sector, "FC Betz". I hope to report a successful commencement to these operations in my next statements when the figures from the period to January 2011 have been analysed. Further products are being added, including Casino, Slots and On-line Poker. Finally, the Board continues to examine other development opportunities which are sport related and which will compliment the existing sports lottery and gaming operations.

As I reported in my last half-year statement, during the year there has been a change of personnel on the Board and after the year end Mr Keith Milhench CEO also left the company. We are actively looking for a new CEO with the necessary experience and qualifications to take the company forward on the chosen development plan and we will of course announce immediately once such an appointment is made.

This year has been one of change both in terms of arresting the relative decline in the existing business and the expansion in new areas of operation. The Board has taken a prudent view of certain provisions and reserves in last year's accounts and, as is shown by the accounts, has written these amounts off in the period to give us firm foundations for the future.

I will report in my next statement on the development of these new initiatives and the investment that has been ongoing in the different brands with the establishment of "FC Betz" and "FC Lotto". We, as a Board, are confident that the benefits of entering the on-line gaming sector will create shareholder value on the long term and will continue to develop cross selling opportunities through organic growth and acquisitions, such as the recently completed and reported acquisition of Devilfish Poker Limited.

Lord E T Razzall

Chairman

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Consolidated Income Statement for the year ended 31 July 2010

		2010	2009
	Note	£'000	£'000
Continuing operations			
Revenue	5	1,231	1,345
Cost of sales		(317)	(362)
Gross profit		914	983
Administrative expenses		(983)	(1,032)
Finance income	8	-	1
Finance costs	8	(8)	-
Profit before taxation		(77)	(48)
Income tax expense	9	-	-
Profit from continuing operations		(77)	(48)
PROFIT/(LOSS) PER SHARE			
Basic profit/(loss) per ordinary share	10	(0.08)p	(0.06)p
Diluted profit/(loss) per ordinary share	10	(0.07)p	(0.06)p

All of the profit/(loss) for the period is attributable to equity holders of the parent company.

Consolidated Statement of Financial Position as at 31
July 2010

	Note	2010 £'000	2009 £'000
ASSETS			
Non current assets			
Property, plant and equipment	14	4	6
Goodwill	12	158	158
Other intangible assets	13	18	-
Total non current assets		180	164
Current assets			
Inventories	16	2	2
Trade and other receivables	17	329	14
Cash and cash equivalents	17	48	58
Total current assets		379	74
Total assets		559	238
Current liabilities			
Trade and other payables	20	354	233
Current tax payable		-	-
Total current liabilities		354	233
Non-current liabilities			
Deferred tax provision	22	-	-
Total liabilities		354	233
Net assets		205	5
EQUITY			
Share capital	23	186	83
Share premium account	24	476	302
Retained earnings	24	(457)	(380)
Equity attributable to equity holders of the parent		205	5

Consolidated Statement of Changes in
Equity for the year ended 31 July 2010

	Called up share capital £'000	Share premium account £'000	Retained Earnings £'000	Total Equity £'000
Balance 31 July 2008	83	302	(332)	53
(Loss) for the year	-	-	(48)	(48)
Balance 31 July 2009	83	302	(380)	5
Shares issued in year less costs	103	174	-	277
(Loss) for the year	-	-	(77)	(77)
Balance 31 July 2010	186	476	(457)	205

Consolidated Cashflow Statement for the year ended 31 July 2010

	Note	Year ended 31 July 2010	Year ended 31 July 2009 £'000
Net cash from operating activities	26	(69)	(40)
Interest and financing costs		(8)	-
Net cash (outflow) from operating activities		(77)	(40)
Cashflow from investing activities			
Purchases of intangible assets		(18)	(8)
Interest received		-	1
Net cash (outflow)/inflow from investing activities		(18)	(7)
Financing			
Net proceeds from issue of shares		85	-
Net cash from financing activities		85	-
Net (decrease) in cash and cash equivalents		(10)	(47)
Cash and cash equivalents at 1 August		58	105

Cash and cash equivalents at 31 July	48	58
Comprising of:		
Cash and cash equivalents per the balance sheet	48	58
Less:		
Bank overdraft	-	-
Cash and cash equivalents for cash flow statement purposes	27	48
		58

As described in the accounting policies, bank overdrafts repayable on demand fluctuate from being positive to overdrawn and are considered an integral part of the Group's cash management for cash flow statement purposes.

There is no material difference between the fair value and the book value of cash and equivalents.

Notes to the Consolidated Financial Statements for the year ended 31 July 2010

1. General Information

The Weather Lottery plc is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is Derby House Stud, Retford Road, Doncaster, DN10 5HJ. The nature of the Group's operations and its principal activities are described in the Directors' Report.

These Financial Statements are presented in Pounds Sterling because that is the currency of the primary economic environment in which the Group operates.

2. Adoption of new and revised International Financial Reporting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on or after 1 August 2009.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

IAS 23 - Borrowing Costs

IAS 27 - Consolidated and separate financial statements

IFRIC 11- Group and Treasury Share Transactions

IFRIC 12 - Service Concession Arrangements

These Standards and Interpretations are not expected to have any significant impact on the Group's Financial Statements in their periods of initial application.

3. Significant accounting policies

Basis of Accounting

The Financial Statements, upon which this financial information is based, have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS).

The financial information has been prepared on a going concern basis, as at 31 July 2010, in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") as well as all interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The Group has not availed itself of early adoption options in such standards and interpretations.

The Financial Statements, upon which this financial information is based, have been prepared under the historical cost basis except where specifically noted. The principal accounting policies adopted are set out below:

Going concern

The financial statements have been prepared on a going concern basis notwithstanding a loss for the financial year of £77,000.

The Directors' cashflow forecasts indicate that the Group will be able to operate within its existing bank facilities in the future. As with any business, there are uncertainties in the forecast, but as at the date of approval of these financial statements the Directors are unaware of any indications that would suggest inappropriate assumptions have been made in relation to trading volumes. As a result of these, the Directors are of the opinion that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements. The financial statements do not include any adjustments which would result from this basis of preparation being inappropriate.

Basis of consolidation

The consolidated Financial Statements incorporate the Financial Statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 July each year. Control is achieved where the Company has the power to govern the financial and operating policies so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the Financial Statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business Combinations

The purchase method of accounting is used for all acquired businesses as defined by IFRS 3 - Business Combinations.

As a result of the application of the purchase method of accounting, goodwill is initially recognised as an asset being the excess at the date of acquisition of the fair value of the purchase consideration plus directly attributable costs of acquisition over the net fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiaries acquired. Where fair values are estimated on a provisional basis they are finalised within 12 months of acquisition with consequent changes to the amount of goodwill.

Intangible assets

Intangible assets relate to the development of the lottery games (software and related costs). It is considered that the software has a finite useful life and amortisation has been previously calculated so as to write off the carrying value of it over its useful economic life of 9 years, which has now elapsed. As the carrying value was fully written off in the year to 31 July 2009 there is no amortisation charge in this regard in the year to 31 July 2010. Development costs in respect of a new football based lottery were capitalised in the year although the lottery was not operational until after the year end. As such, no amortisation has been charged in the year to 31 July 2010 in respect of these capitalised costs.

Goodwill

Goodwill arising on consolidation represents the excess cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is initially recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Revenue recognition

Turnover represents takings received for entry into the lottery prize draws. Revenue is recognised upon receipt of the money for the period that the draw takes place.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profits for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that is no longer probable that sufficient taxable profits will be available to allow all, or part, of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Property, plant and equipment

Fixtures, fittings and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives using the straight-line method, on the following bases:

Fixtures, fittings and equipment	- 25% per annum
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The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Leased assets

Rentals payable under non-onerous operating leases are expensed in the income statement on a straight-line basis over the lease term.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair values less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimate of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income

immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in Pounds Sterling, which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's function currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical costs in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

Share based payments

Other than for business combinations, the only share based payments of the Group are equity settled share options and certain liability settlements. The Group has applied the requirements of IFRS 2 Share-based Payments.

For share options granted an option pricing model is used to estimate the fair value of each option at grant date. That fair value is charged on a straight line basis as an expense in the income statement over the period that the holder becomes unconditionally entitled to the options (vesting period), with a corresponding increase in equity.

For shares issued in settlement of fees and/or liabilities, the Directors estimate the fair value of the shares at issue date and that value is charged on a straight line basis as an expense in the income statement (for fees) or reduction in the balance sheet liability (for liabilities) with a corresponding increase in equity.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials using the first in first out (FIFO) basis. Net realisable value represents the estimated selling price less estimated costs of completion, marketing and selling.

Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and demand deposits and are subject to an insignificant risk of changes in value.

Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate compound at initial recognition.

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Financial liability and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual agreements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recognised at the amount of proceeds received net of costs directly attributable to the transaction. To the extent that those proceeds exceed the par value of the shares issued they are credited to a share premium account.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in profit or loss using effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables

Trade payables are not interest-bearing and are stated at their nominal value.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

4. Critical accounting judgements and key sources of estimation uncertainty

In application of the Group's accounting policies above, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities. These estimates and assumptions are based on historical experience and other factors considered relevant. Actual results may differ from estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period which the estimate is revised if the revision affects only that period or in the period of the revision and future payments if the revision affects both current and future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

Share-based payments

Share-based payments are measured at grant date fair value. For share options granted to employees, in many cases market prices are not available and therefore the fair value of the options granted shall be estimated by applying an option pricing model. Such models need input data such as expected volatility of share price, expected dividends or the risk-free interest rate for the life of the option. The overall objective is to approximate the expectations that would be reflected in a current market price or negotiated exchange price for the option. Such assumptions are subject to judgements and may turn out to be significantly different to expected.

5. Segment analysis

The primary reporting format is by business segment, based on the different services offered by the operating companies within the Group. The Directors consider that the Group only has one business segment, that of lottery administration, and hence a segmental analysis is not required. The Group operates solely in one geographical area, the United Kingdom.

The Directors consider that none of the operations are classed as Discontinued and hence all operations are considered to be Continuing throughout the period.

6. Operating (loss)/profit

Operating loss has been stated after charging the following:

	2010 £'000	2009 £'000
Amortisation of intangible fixed assets	-	25
Depreciation of tangible fixed assets	2	2
Operating lease charges	52	23
Auditors' remuneration - Audit services to the parent company	1	1
Auditors' remuneration - Audit services to the Group	6	8
Auditors' remuneration - Taxation services	1	1

As permitted by Section 408 of the Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The loss for the period after taxation was £141,000 (2009 £46,000).

7. Personnel costs

	2010	2009
The average monthly number of employees (including executive and non executive Directors) was	No. 8	No. 9
The split of employees by function within the Group is as follows:		
	No.	No.
Administration and Sales Management	4 4	5 4
Total	8	9
	2010	2009
Their aggregate remuneration comprised	£'000	£'000
Wages and salaries	150	182
Social security costs	22	17
Sums paid to third parties for services	57	36
	229	235

7. Personnel costs (continued)

	2010	2009
Directors' emoluments	£'000	£'000
Emoluments	73	104
Sums paid to third parties for director services	45	36
	118	140
Number of Directors accruing benefits under money purchase schemes	No. -	No. -
Aggregate emoluments of highest paid Director	73	104

Included within Directors' emoluments is £45,300 (2009 £36,250) paid to directors via related companies, as detailed in note 28. All of the Directors' emoluments relate to short-term employee benefits

8. Finance income and costs

	2010	2009
	£'000	£'000
Finance income	-	1

Finance charges	8	-
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9. Income taxes

	2010 £'000	2009 £'000
Current:		
Current tax for the year	-	-
Total current tax charge	-	-
Deferred tax credit (note 22)	-	-
Total income taxes	-	-

Tax rate reconciliation

	2010 £000	2009 £000
Profit/(Loss) for the year	(77)	(48)
Corporation tax charge thereon at 21% (2009: 21%)	(16)	(10)
Adjusted for the effects of:		
Disallowed expenses for tax purposes	2	1
Depreciation in excess of capital allowances	-	-
Taxable losses and excess charges carried forward	14	9
Income tax expense for the year	-	-

10. Earnings per share

The calculation is based on the earnings attributable to ordinary shareholders divided by the weighted average number of Ordinary Shares in issue during the period as follows:

	2010	2009
Numerator: earnings attributable to equity (£'000)	(77)	(48)
Denominator: weighted average number of equity shares (No.)	101,942,173	83,304,730

In June 2010 the Company issued 24 million options to subscribe for Ordinary shares of 0.1p each. None of these options were exercised in the period, but had they been they would have increased the weighted average number of equity shares to 105,942,173 and this amount is used in the calculation of diluted earnings per share.

11. Dividend

The Directors do not recommend the payment of a dividend (2009: £nil).

12. Goodwill

	£'000
Cost	
At 31 July 2009	158
Additions	-
At 31 July 2010	158

The Group carried out an impairment test of goodwill for the period ended 31 July 2010 as required by IFRS. The Directors consider there to be just one cash-generating unit, namely the lottery itself. The impairment test did not result in the recognition of any loss and the carrying amount of the cash-generating unit was considered lower than their recoverable amount.

The principal assumptions made (in both 2010 and 2009) in determining the value in use of the cash-generating unit were:

- Basis on which recoverable amount determined - value in use;
- Period covered by management plans used in calculation - 1 year;
- Pre-tax discount rate applied to cashflow projection - 10%;
- Growth rate used to extrapolate cashflows beyond management plan - 3%;
- Difference between above growth rate and long term rate for UK - 0.5%

The calculation of value in use shown above is most sensitive to the assumptions on discount rates and growth rates. The assumptions used are considered to be realistically achievable in light of economic and industry measures and forecasts. The Directors believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause its carrying amount to exceed its recoverable amount.

13. Other intangible assets

	Research & Development	
	2010 £'000	2009 £'000
Cost		
At 1 August	154	154
Additions	18	-
At 31 July	172	154
Amortisation		
At 1 August	154	129
Charge for the year	-	25
At 31 July	154	154
Net Book Value		
At 31 July	18	-

No amortisation has been recognised in the year as the additions relate to development costs in respect of operations which commenced after the year end.

14. Property, plant and equipment

	Office equipment	
	2010 £'000	2009 £'000
Cost		
At 1 August	8	-

Additions	-	8
At 31 July	8	8
Depreciation		
At 1 August	2	-
Charge for the year	2	2
At 31 July	4	2
Net Book Value		
At 31 July	4	6

15. Subsidiaries

Details of the company's subsidiaries at 31 July 2010 are as follows:

Name of subsidiary	Company number	Place of incorporation (or registration) and operation	Proportion of ownership interest & of voting power held	Holding	Principal activity
Prize Provision Services Limited	03152966	England and Wales	100%	Ordinary shares	Lottery provider
Prize Logistics Limited	06221487	England and Wales	100%	Ordinary shares	Lottery administrator

16. Inventories

	2010 £'000	2009 £'000
Finished goods	2	2

17. Other financial assets

Trade and other receivables

	2010 £'000	2009 £'000
Unpaid share capital	160	-
Other receivables	65	12
Prepayments and accrued income	104	2
	329	14

Turnover is recognised upon cash receipt and hence there are no trade receivables and no credit period is given.

The Group has provided fully for all receivables which are not considered recoverable. In determining the recoverability of all receivables, the Group considers any change in the credit quality of the receivable up to the reporting date.

The directors consider that the carrying amount of the receivables approximates their fair value.

Cash and cash equivalents

	2010 £'000	2009 £'000
Cash and cash equivalents	48	58

Cash and cash equivalents comprises cash held by the Group and short-term bank deposits with an original maturity of 6 months or less. The carrying amount of these assets approximates their fair value.

18. Borrowings

The Group had no borrowings in respect of bank overdrafts, loans or finance lease arrangements at the year end (2009 £nil).

19. Derivatives financial instruments and hedge accounting

At 31 July 2010 and 2009 the Group had no derivatives in place for cash flow hedging purposes.

20. Other financial liabilities

Trade and other payables

	2010 £'000	2009 £'000
Trade payables	288	156
Other payables	61	33
Accrued liabilities and deferred income	5	44

	354	233
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Other payables comprise:

		£ 000
Social security and other taxes	22	33
Other	39	-
	61	33

Presented as:

- Current	354	233
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Accrued liabilities and deferred income represents miscellaneous contractual liabilities that relate to expenses that were incurred, but not paid for at the year-end and income received during the period, for which the Group had not supplied the goods or services at the end of the year.

The Directors consider that the book value of trade payables, accrued liabilities and deferred income approximates to their fair value at the balance sheet date.

The average credit period taken for trade purchases is 56 days (2009 48 days).

21. Financial instruments: information on financial risks

Financial risks are discussed in the Directors' Report and below.

Capital risk management

The Group manages its capital to ensure that the Group as a whole will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 18, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 23 to 24. As at 31 July 2010 (and 31 July 2009) the Group had no debt and hence no gearing ratio is provided.

Financial risk management objectives

The main market risks to which the Group is exposed are interest rates. There is also exposure to credit risk and liquidity risk. The Group monitors these risks and will take appropriate action to minimize any exposure.

Credit risk

The Group's exposure to credit risk is minimal due to turnover being recognised upon cash receipt, hence there are no trade receivables.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Regulatory compliance risk

Regulatory compliance risk is the risk of material adverse impact resulting from failure to comply with laws, regulations, codes of conduct or standards of good practice governing the sector in which the Group operates. The Group is monitored by the financial director who is responsible for meeting regulatory and compliance obligations.

Interest rate risk

The Group's exposure to interest rate risk mainly concerns financial assets and liabilities, which are subject to floating rates in the Group. At present the Group does not hold loans and receivables that are short-term in nature.

22. Deferred taxation

A deferred tax asset has not been recognised in the years ended 31 July 2010 nor 31 July 2009 in respect of taxable losses carried forward of approximately £115,000 (2009 £45,000) as there is insufficient historic evidence that it will be recoverable in full against taxable profits during the next 12 months.

There are not considered to be any material temporary differences associated with investments in subsidiaries for which deferred tax liabilities have not been recognised.

23. Equity share capital

	2010 £'000	2009 £'000
Allotted, called up and fully paid		
185,971,398 (2009: 83,304,730) Ordinary Shares of 0.1p each	186	83

In accordance with Section 9 of the Companies Act 2006, during the year the Company passed a special resolution to revoke the concept of authorised share capital and amended its Articles of Association accordingly.

During the year the Company issued 0.1p Ordinary shares as follows:

- 16,000,000 shares issued at 0.2p each on 7 January 2010 as settlement of certain liabilities;
- 33,333,334 shares issued at 0.3p each on 21 April 2010 for the raising of working capital;
- 53,333,334 shares issued at 0.3p each on 30 July 2010 for the raising of working capital.

24. Other reserves

	Share premium account £'000	Profit and loss account £'000
At 1 August 2009	302	(380)
Shares issued less costs	174	-
Result for the period	-	(77)
At 31 July 2010	476	(457)

25. Share-based payments

Certain Directors and key management have been issued with share options in the year, exercisable immediately at a price fixed at the date of issue. If the options remain unexercised after a period of seven years from the date of grant the options expire.

Details of options granted to date and still outstanding at the end of the year are as follows:

Date of Grant	2010 No. £'000	Exercise price	Exercise period
8 June 2010	8,100,000	0.75p	8 June 2010 to 2 June 2017
8 June 2010	8,100,000	1.0p	8 June 2010 to 2 June 2017
8 June 2010	7,800,000	1.25p	8 June 2010 to 2 June 2017

All of the above options were outstanding at the year end. The options had a weighted average exercise price of 0.997p and a remaining contractual life of 6.8 years. The Directors consider that the estimated fair values of the options at grant date was £nil due to the prevailing market price being lower than the exercise price. As the fair value is currently considered to be £nil, no amount has been recognised in either the income statement or in equity in respect of these options.

26. Cash used in operations

	2010 £'000	2009 £'000
Results from operating activities	(69)	(49)
Depreciation of tangible assets	2	2
Amortisation of intangible assets	-	25
Share based payments	32	-
Increase in stock	-	(2)
Decrease/(increase) in receivables	(155)	20
(Decrease)/increase in payables	121	(36)
Net cash from operations	(69)	(40)

27. Analysis of net debt

	2010 £'000	2009 £'000
Cash and cash equivalent per balance sheet	48	58
Bank overdraft	-	-
Cash and cash equivalent per cash flow statement	48	58
Net debt	48	58

28. Transactions with related parties

The transactions set out below took place between the Group and certain related parties.

K G Milhench

K G Milhench is a director of CBI Holdings Limited. CBI Holdings Limited is the parent company of Cantbuyit Limited. During the year The Weather Lottery plc made payments of £5,950 (2009 £3,500) on behalf of Cantbuyit Limited and at the year end was owed £9,450 (2009 £7,275) from this company. This

whole amount has been provided for as irrecoverable as at 31 July 2010, although the Company will pursue repayment.

In the year he received loans of £17,940 from the Company, all of which were outstanding at the year end. This amount was the maximum amount outstanding during the year.

N G McGowan

N G McGowan, a director during the year, is also a director of, and significant shareholder in, Rangedetail Limited. He received payments of £4,000 (2009 £3,000) via this company for directorship services.

A Moore

A Moore, a director, was also a Designated Member of Central Corporate Finance LLP in the year. He received payments of £36,750 (2009 £29,750) via this partnership for directorship services. Of the payments in respect of the current year fees, plus monies outstanding from the previous period, £32,000 was settled via the issuing of Ordinary shares of 0.1p each, as detailed in Note 23.

M Mills

M Mills, a director in the year, received payments of £3,000 (2009 £3,500) via Central Corporate Finance LLP for directorship services.

Lord E T Razzall

Lord E T Razzall, a director, received payments of £3,750 (2009 £nil) in the year, for directorship services provided, via an entity trading as R T Associates.

As referred to in Note 25, share options were granted in the year to Directors and key management, all of which were outstanding at the year end. The following options were held by the Directors and key management at the year end:

	Options No.	Option details
Lord E T Razzall	3,200,000	See A below
A Moore	3,200,000	See A below
R R White	3,200,000	See A below
K Milhench	4,800,000	See B below
J Botros	4,800,000	See B below
J Williams	4,800,000	See B below

A - 1,100,000 at 0.75p, 1,100,000 at 1p and 1,000,000 at 1.25p

B - 1,600,000 at 0.75p, 1,600,000 at 1p and 1,600,000 at 1.25p

All of the options are exercisable by 2 June 2017.

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is as referred to above, on page 8 within the Directors Report and in Note 7.

29. Operating lease commitments

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2010 £'000	2009 £'000
Land and buildings:		
Within one year	-	-
In the second to fifth years inclusive	-	-
After five years	-	-
Other:		
Within one year	5	3
In the second to fifth years inclusive	-	6
After five years	5	-
	5	9

Operating lease payments represent rentals payable by the Group for certain of its office properties and motor vehicles. Leases are negotiated over the term considered most relevant to the individual subsidiary and rentals are fixed where possible for that term.

30. Controlling Party

No single individual has sole control of the company.

31. Events after the balance sheet date

In October 2010 the Company acquired ClickNow Holdings Limited and its subsidiary, ClickNow Limited, for a consideration of 5,000,000 Ordinary 0.1p shares, valuing ClickNow at £48,750 which will all be treated as goodwill. At the same time the Company issued a further 46,666,666 Ordinary 0.1p shares at 0.3p each, creating additional working capital funding of £140,000.

In December 2010 the Company entered into a conditional arrangement to acquire the share capital of Devil Fish Poker Limited for £330,000, to be satisfied by £40,000 cash and £290,000 in shares through the issue of approximately 30,000,000 Ordinary shares of 0.1p each. The amount of goodwill in this transaction is yet to be ascertained.

32. Going Concern

The Group made a loss for the year of £77,000 as a result of reduced turnover brought about by the economic recession. The Group has restructured its Board in the period and has invested in new income streams through the development of new football gaming, under the brand FC Betz. It has already negotiated contracts with a number of professional football clubs which will mean income being derived from the 2010/11 season onwards.

During the year the Group has raised approximately £280,000 of funds through share issues (£160,000 of which was unpaid as at the year end) and, as per note 31, a further £140,000 post year end. These additional funds have supported the Group's net asset position and enabled the development of new income streams.

Given these changes made to both the Board and the Group's ongoing operations, the Directors consider that the Group continues to be a going concern and they forecast that that there is sufficient funding in place to enable the continuance of the Group.