

LITTLEWOODS PROMOTIONS LIMITED
(Registered No. 545018)

REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2005



LITTLEWOODS PROMOTIONS LIMITED

REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

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LITTLEWOODS PROMOTIONS LIMITED

REPORT OF THE DIRECTORS

The directors hereby submit their report, together with the audited financial statements of the company, for the year ended 31 December 2005.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the company are the operation of Football Pools, Spot The Ball competitions and fixed odds sports betting. The directors consider the results for the period and the state of the company's affairs at 31 December 2005 to be satisfactory. Future prospects are considered reasonable.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £6,243,000 (31 December 2004: £8,888,000, restated). The directors do not recommend a dividend (31 December 2004: £nil).

DIRECTORS

The directors who held office during the period were:

Mr. I. R. Penrose	Appointed 3 October 2005
Mr. G. Speakman	Resigned 7 November 2005
Mrs. A. Moran	Resigned 13 July 2006
Mr. S. P. Cunliffe	Appointed 3 July 2006
Mr. R. D. Withers	Resigned 31 October 2005

The directors had no interest in the share capital of the company. The interests in the share capital of the parent of those directors who are also directors of the ultimate parent company, Sportech PLC, are disclosed in the annual report of that company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently, subject to the adoption of new accounting standards. The directors also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2005 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

LITTLEWOODS PROMOTIONS LIMITED

REPORT OF THE DIRECTORS (continued)

EMPLOYEE INVOLVEMENT

The directors recognise the importance of providing all employees with information on matters of concern to them and that enables employees to improve their performance and make an active contribution to achieving the Company's business objectives.

Plans are underway to encourage employee involvement through two way dialogue and to also communicate the 'big picture' more effectively. Communications in the future will strive to focus more on the company's customers and encourage a more outward looking culture.

Regular briefing meetings are currently held at divisional and departmental level where business and financial performance of the divisions and the Company are considered.

Various channels of communication such as opinion surveys, ideas and suggestion schemes, internal newsletters, bulletins and notice boards are aimed at facilitating and encouraging the involvement of employees in the performance and development of the Company.

EMPLOYMENT OF DISABLED PERSONS

It is the policy of the Company to comply with the requirements of the Disability Discrimination Act 1995 in offering equality of opportunity to disabled persons applying for employment, selection being made on the basis of the most suitable person for the job in respect of experience and qualifications. Training, career development and promotion are offered to all employees on the basis of their merit and ability. Every effort is made to continue to employ, in the same or alternative employment, and, where necessary, to retrain employees who become disabled during their employment with the Company.

FINANCIAL RISK MANAGEMENT

The company's treasury arrangements for the provision of finance and management of liquidity are undertaken via the Sportech Group's centralised accounting unit. The company's principal financial instruments comprise bank overdrafts, and cash and term deposits as well as trade debtors and creditors including group intercompany balances that arise directly from its operations. The main purpose of these financial instruments is to provide finance for the company's future operations.

The main risks arising from the company's operations are interest rate risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks. The company does not trade in financial instruments.

POLICY ON PAYMENT OF CREDITORS

The Company does not follow any code or standard on payment practices, and there is no fixed policy for payment for goods and services. Payment is made promptly once authorisation of the invoice is obtained.

Creditor payment days outstanding at 31 December 2005 were 28 (2004: 48).

LITTLEWOODS PROMOTIONS LIMITED
REPORT OF THE DIRECTORS (continued)

POST BALANCE SHEET EVENTS

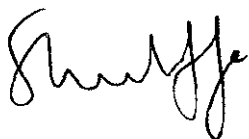
On 7 June 2006, the company sold its fixed odds Sports Betting business (Bet Direct) for £12.5m to 32Red plc. The gain on disposal of the business will be finalised and reported in the next annual accounts.

AUDITORS

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

BY ORDER OF THE BOARD

S. P. Cunliffe
Secretary



16 October 2006
LIVERPOOL

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

LITTLEWOODS PROMOTIONS LIMITED

We have audited the financial statements of Littlewoods Promotions Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Liverpool

16 October 2006

LITTLEWOODS PROMOTIONS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2005

	Note	2005 £000	2004 (restated) £000
TURNOVER	2	202,508	208,398
Cost of sales		(158,410)	(157,448)
GROSS PROFIT		<u>44,098</u>	<u>50,950</u>
Administrative expenses	3	(34,451)	(37,613)
OPERATING PROFIT before restructuring costs		14,412	14,487
Restructuring costs	3	(4,765)	(1,150)
OPERATING PROFIT		9,647	13,337
Net interest (payable)/receivable	4	(14)	110
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	<u>9,633</u>	<u>13,447</u>
Taxation	6	(3,390)	(4,559)
RETAINED PROFIT FOR THE YEAR	17	<u>6,243</u>	<u>8,888</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2005

	Note	2005 £000	2004 (restated) £000
Profit for the financial year		6,243	8,888
Actuarial gain/(loss) recognised in the pension scheme	19	156	(31)
Deferred tax relating to the actuarial gain/(loss)	14	(47)	9
Total recognised gains for the year		6,352	<u>8,866</u>
Prior year adjustment	1	116	
Total gains recognised since last annual report	17	<u>6,468</u>	

There is no difference between the profit on ordinary activities before taxation, and the amount transferred to reserves for the year stated above, and their historical cost equivalents.

All operations are classed as continuing in 2005.

LITTLEWOODS PROMOTIONS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2005

	Note	2005 £000	2004 (restated) £000
FIXED ASSETS			
Intangible fixed assets	8	21,775	23,491
Tangible fixed assets	9	129	1,460
Investments	10	31,097	31,094
		<u>53,001</u>	<u>56,045</u>
CURRENT ASSETS			
Stock	11	14	14
Debtors – amounts falling due within one year	12	39,633	47,375
Debtors – amounts falling due after more than one year	12	-	17
Cash at bank and in hand		16,534	297
		<u>56,181</u>	<u>47,703</u>
CREDITORS:			
Amounts falling due within one year	13	(73,749)	(74,627)
NET CURRENT LIABILITIES		<u>(17,568)</u>	<u>(26,924)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		35,433	29,121
PROVISIONS FOR LIABILITIES AND CHARGES	14	(42)	-
NET ASSETS EXCLUDING PENSION ASSET		<u>35,391</u>	<u>29,121</u>
PENSION ASSET		247	165
NET ASSETS INCLUDING PENSION ASSET		<u>35,638</u>	<u>29,286</u>
CAPITAL AND RESERVES			
Called up share capital	16	41	41
Profit and loss account	17	35,597	29,245
EQUITY SHAREHOLDERS' FUNDS	17	<u>35,638</u>	<u>29,286</u>

The financial statements on pages 5 to 19 were approved by the Board of Directors on 16 October 2006 and signed on their behalf by



S. P. Cunliffe
Director

LITTLEWOODS PROMOTIONS LIMITED
STATEMENT OF ACCOUNTING POLICIES

PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently except for the adoption of new accounting standards, is set out below.

BASIS OF ACCOUNTING

The accounts are prepared on the historical cost basis of accounting for the 52 week period from 8 January 2005 to 6 January 2006 (2004: 53 week period).

TURNOVER

Turnover represents the value of entry fees receivable in respect of football pools and other competitions recognised on the date of the event, the value of bets received in relation to fixed odds betting based on the date of the event and the value of goods and services sold to external customers.

DEFERRED INCOME

Deferred income represents the value of entry fees receivable in respect of competitions and sporting events held subsequent to the end of the financial period.

PENSION CONTRIBUTIONS

The company participates in both a defined contribution and a defined benefits pension scheme. Contributions to employees' defined contribution schemes are charged to the profit and loss account as incurred. The Company has adopted FRS 17 during the year in respect of its defined benefit scheme. For the defined benefit scheme, actuarial valuations are carried out at each balance sheet date and the actuarial gain or loss recognised in full in reserves in the period in which they occur.

LEASED ASSETS

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease terms.

STOCKS

Stocks are valued at the lower of cost or estimated realisable value. Cost is based on the first in, first out method of valuation.

FOREIGN CURRENCIES

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Profits and losses on foreign exchange transactions, relating to the supply of merchandise are taken through the profit and loss account in the period in which they arise.

LITTLEWOODS PROMOTIONS LIMITED
STATEMENT OF ACCOUNTING POLICIES

CASH FLOW

The company is a wholly owned subsidiary of Sportech PLC; consequently, the company is exempt from the requirement of Financial Reporting Standard No.1 (Revised) to prepare a separate cash flow statement.

RELATED PARTY TRANSACTIONS

In accordance with the exemption conferred by Financial Reporting Standard No. 8, details of transactions with entities in the same group have not been disclosed.

FIXED ASSETS AND DEPRECIATION

Fixed assets are stated at cost less depreciation.

Depreciation is provided on a straight-line basis to write off the cost of fixed assets over their anticipated useful lives at the following annual rates:

Long leasehold land & buildings	10% – 20%
Plant & machinery	33.3%

DEFERRED TAX

Deferred tax is provided in full on all timing differences which result in either an obligation at the balance sheet date to pay more tax or a right to pay less tax. Deferred tax assets are only recognised to the extent that it is more likely than not they will crystallise. Assets and liabilities are calculated at rates expected to apply when they crystallise, and are not discounted.

GOODWILL

Goodwill arising from the acquisition of businesses represents the excess of the fair value of consideration given over the fair value of the separable net assets acquired. Goodwill is capitalised and is amortised on a straight-line basis over the shorter of 20 years or the anticipated life of the goodwill.

IMPAIRMENT OF FIXED ASSETS AND GOODWILL

Fixed assets and goodwill are subject to review for impairment in accordance with FRS 11, Impairment of Fixed Assets and Goodwill. Any impairment is charged in the profit and loss account in the accounting period in which it occurs.

INVESTMENTS

Investments are stated at cost less provision for diminution in value. Any diminution in value is charged to the profit and loss account in the accounting period in which it occurs.

LITTLEWOODS PROMOTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

1. CHANGE IN ACCOUNTING POLICY

In November 2000, the Accounting Standard Board issued FRS17, "Retirement benefits". The company has adopted FRS 17 in these financial statements. The adoption of this standard represents a change in accounting policy and the comparative figures have been restated accordingly.

The effect of this change in accounting policy was to increase staff costs by £74,000 (2004; increase staff costs by £33,000), to increase deferred taxation balances by £25,000 (2004; reduced by £19,000), and to increase the total recognised gains and losses by £109,000 (2004; reduced by £22,000).

2. TURNOVER AND PROFIT

All turnover and profit is earned in the United Kingdom. An analysis of turnover by segment is as follows;

	2005 £000	2004 £000
Football pools and other games	71,541	84,796
Fixed odds betting	130,967	123,602
	<u>202,508</u>	<u>208,398</u>

3. ADMINISTRATIVE EXPENSES

	2005 £000	2004 £000
ITV exit costs – impairment of fixed assets (see below)	1,670	-
Other restructuring costs (see below)	3,095	1,150
Other administrative expenses	29,686	36,463
Administrative expenses	<u>34,451</u>	<u>37,613</u>

The charge in respect of asset impairment arises from the termination of the parent company's contract with ITV to provide interactive betting services. Other restructuring costs in the year relate to further costs in respect of the establishment of an in-house call centre operation within the Betting segment, further rationalisation of the football pools business operating cost base within the Soft Gaming segment.

Restructuring costs in the prior year relate to the establishment of an in-house call centre operation within the Betting segment, further rationalisation of the football pools business operating cost base within the Soft Gaming segment, and rationalisation of interactive development teams consequent upon the transition from development stage to trading stage.

4. NET INTEREST (PAYABLE)/RECEIVABLE

	2005 £000	2004 £000
Interest payable	(14)	-
Interest receivable	-	110
	<u>(14)</u>	<u>110</u>

LITTLEWOODS PROMOTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2005 £000	2004 £000
Profit on ordinary activities before taxation is stated after charging:		
Hire of plant and machinery - operating leases	2,776	2,669
Depreciation of tangible fixed assets	288	243
Amortisation of goodwill	1,716	1,877
Auditors' remuneration for audit	<u>37</u>	<u>39</u>

Remuneration of the company's auditors for provision of non-audit services to the company was £2,000 (2004 - £1,000).

6. TAXATION

	2005 £000	2004 £000
Current tax:		
UK corporation tax at 30% (2004, 30%)	-	2,344
Group relief at 30% (2004, 30%)	3,370	2,211
Adjustments in respect of prior periods	<u>8</u>	<u>13</u>
Total current tax	<u>3,378</u>	<u>4,568</u>
Deferred tax:		
Current year (note 14)	17	(9)
Adjustments in respect of prior periods	<u>(5)</u>	<u>-</u>
Total deferred tax	<u>12</u>	<u>(9)</u>
Total taxation charge	<u>3,390</u>	<u>4,559</u>

The current tax for the period is higher (2004: higher) than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2005 £000	2004 £000
Profit on ordinary activities before tax	<u>9,633</u>	<u>13,447</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2004: 30%)	2,890	4,034
Effects of:		
Adjustments to tax in respect of prior periods	8	13
Permanent differences	497	512
Origination and reversal of timing differences	<u>(17)</u>	<u>9</u>
	<u>3,378</u>	<u>4,568</u>

LITTLEWOODS PROMOTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2005**

7. DIRECTORS AND EMPLOYEES

	2005 £000	2004 £000
Staff costs		
Wages and salaries	7,564	9,856
Social security costs	737	879
Pension scheme contributions	438	502
	<u>8,739</u>	<u>11,237</u>
	2005 Number	2004 Number
Average number of monthly employees comprised:		
Sales and marketing	139	151
Distribution	184	220
Administration	126	134
	<u>449</u>	<u>505</u>
	2005 £	2004 £
Staff costs include the following remuneration in respect of directors:		
Emoluments	216,998	272,502
Defined benefit scheme contributions	16,262	16,640
	<u>233,260</u>	<u>289,142</u>
The remuneration in respect of the highest paid director was as follows:		
Emoluments	147,912	140,550
Defined benefit scheme contributions	11,094	10,572
	<u>159,006</u>	<u>151,122</u>
Amounts receivable under long term incentive schemes	-	-

LITTLEWOODS PROMOTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

8. INTANGIBLE FIXED ASSETS

Goodwill
£000

Cost:

At 1 January 2005 and 31 December 2005

30,264

Amortisation:

At 1 January 2005

6,773

Charge for the year

1,716

At 31 December 2005

8,489

Net book value at 31 December 2005

21,775

Net book value at 31 December 2004

23,491

The goodwill arose on the transfer of businesses into the Company from Littlewoods Leisure Marketing Services, Littlewoods Competitions Company Limited and Littlewoods Pools Limited during January 2001.

9. TANGIBLE FIXED ASSETS

	Short Leasehold Land & Buildings £000	Plant & Machinery £000	Work in Progress £000	Total £000
Cost:				
At 1 January 2005	79	927	734	1,740
Additions	-	627	-	627
Disposals	-	-	(734)	(734)
At 31 December 2005	<u>79</u>	<u>1,554</u>	<u>-</u>	<u>1,633</u>
Depreciation:				
At 1 January 2005	48	232	-	280
Charge for the year	31	257	-	288
Impairment losses	-	936	734	1,670
Disposals	-	-	(734)	(734)
At 31 December 2005	<u>79</u>	<u>1,425</u>	<u>-</u>	<u>1,504</u>
Net book value at 31 December 2005	<u>-</u>	<u>129</u>	<u>-</u>	<u>129</u>
Net book value at 31 December 2004	<u>31</u>	<u>695</u>	<u>734</u>	<u>1,460</u>

LITTLEWOODS PROMOTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

10. FIXED ASSET INVESTMENTS

	2005 £000	2004 £000
Shares in subsidiary undertakings at cost:		
At 1 January 2005	31,094	31,090
Addition	3	4
At 31 December 2005	<u>31,097</u>	<u>31,094</u>

Subsidiary undertakings:

Name of company	Nature of business
Littlewoods of Liverpool Limited	The company hires out plant and machinery and rents out property
Littlewoods Leisure.com Limited	A dormant company
Littlewoods Pools Limited	A dormant company
Littlewoods Leisure Marketing Services Limited	A dormant company
Littlewoods Competitions Company Limited	A dormant company
Bet 247 Limited	The company does not trade
Littlewoods Alderney Limited	Gaming
Littlewoods Bet Direct Limited	A dormant company
LWL Management NV	Gaming
Bet Direct NV	Gaming
Littlewoods Leisure Limited	A dormant company

The company holds 100% of the ordinary shares of all of the above companies.

The company has taken advantage of section 228(1) (a) of the Companies Act 1985 and has not prepared consolidated financial statements as the company is itself a wholly owned subsidiary.

All of these companies are incorporated in England & Wales with the exception of LWL Management NV and Bet Direct NV, which are incorporated in the Netherlands Antilles.

On 7 June 2006, the entire share capital of Littlewoods Bet Direct Limited and Bet Direct NV was sold to 32Red plc as part of the disposal of the company's Bet Direct business.

LITTLEWOODS PROMOTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

11. STOCKS

	2005 £000	2004 £000
Raw materials and consumables	<u>14</u>	<u>14</u>

12. DEBTORS

	2005 £000	2004 (restated) £000
Amounts falling due within one year:		
Trade debtors	346	698
Amounts owed by group undertakings	37,844	44,845
Other debtors	-	36
Prepayments and accrued income	<u>1,443</u>	<u>1,796</u>
	<u>39,633</u>	<u>47,375</u>
Amounts falling after more than one year:		
Deferred taxation	<u>-</u>	<u>17</u>
Deferred tax comprises:		
Depreciation in excess of capital allowances	-	35
Pension fund surplus	(74)	(49)
Short term timing differences	<u>32</u>	<u>31</u>
	<u>(42)</u>	<u>17</u>

The movement in the deferred tax asset/(liability) during the year is detailed in note 14.

13. CREDITORS – amounts falling due within one year

	2005 £000	2004 £000
Trade creditors	3,806	3,375
Amounts owed to group undertakings	60,407	60,595
Corporation tax	-	1,316
Social security and other taxes	1,094	1,332
Accruals and deferred income	<u>8,442</u>	<u>8,009</u>
	<u>73,749</u>	<u>74,627</u>

14. PROVISIONS FOR LIABILITIES

	Deferred Tax £000
At 1 January 2005 (restated)	
At 1 January 2005, included within debtors	17
Amount charged to profit and loss	(12)
Deferred tax on actuarial gains and losses taken to reserves	<u>(47)</u>
At 31 December 2005	<u>(42)</u>

The analysis of the deferred tax balance is given in note 12.

LITTLEWOODS PROMOTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

15. FINANCIAL COMMITMENTS

In December 1996 an incentive scheme to reward football pools collectors was established. Under the terms of the scheme, the collectors earn points on the basis of their sales. These points can be converted into goods from high street shops. On the basis of similar schemes, a redemption rate attributable to these points has been established and an appropriate provision made in these accounts. The liability in respect of the points not provided for in these accounts amounts to £2,903,460 (31 December 2004, £2,878,167)

16. CALLED UP SHARE CAPITAL

	2005 £	2004 £
Authorised		
41,000 ordinary shares of £1 each	<u>41,000</u>	<u>41,000</u>
	2005 £	2004 £
Allotted, called up and fully paid		
40,501 ordinary shares of £1 each	<u>40,501</u>	<u>40,501</u>

17. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	Share capital £000	Profit and loss account £000	2005 Total £000	2004 Total £000
Opening equity shareholders' funds as previously reported	41	29,129	29,170	20,260
Prior year adjustment - FRS 17	-	116	116	160
Opening equity shareholders' funds as restated	41	29,245	29,286	20,420
Profit for financial year	-	6,243	6,243	8,888
Actuarial gains/(losses) net of deferred tax	-	109	109	(22)
Dividends	-	-	-	-
Closing equity shareholders' funds	<u>41</u>	<u>35,597</u>	<u>35,638</u>	<u>29,286</u>

LITTLEWOODS PROMOTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

18. OPERATING LEASE COMMITMENTS

Annual commitments under non-cancellable operating leases in respect of properties, and plant and equipment are as follows:

	2005 £000	2004 £000
Expiring between two and five years	34	137
Expiring in more than five years	80	80
	<u>114</u>	<u>217</u>

19. PENSION SCHEME

The Sportech PLC group (Group) participates in two pension schemes. One is a defined contribution stakeholder scheme, and the second is a defined benefit scheme, which is funded.

Defined contribution scheme

Those employees who joined the Group consequent upon the acquisition of Littlewoods Gaming and who were aged under 50 on 4 September 2000, and all other employees of Sportech can join a stakeholder pension scheme established on 6 April 2001. The contributions to this scheme are made at a maximum rate of 8% of pensionable salaries.

Defined benefit scheme

Pursuant to the sale agreement between Littlewoods plc and Sportech, a defined benefit scheme was set up for those employees who joined the Group consequent upon the acquisition of Littlewoods Gaming and who were aged 50 or over on 4 September 2000, the date of the acquisition. This scheme was formed on 6 April 2001 and at 31 December 2005 has 37 employed members (31 December 2004, 56 employed members).

In prior years, the company has accounted for pensions in accordance with SSAP 24 and the disclosures although it has also made those disclosures required by FRS 17. The company has now implemented FRS 17 and the impact on the accounts is detailed in note 17.

The valuation used for FRS 17 disclosures has been based on the most recent actuarial valuation at 31 December 2003 amended to take account of the requirements of FRS 17. The principal assumptions used by the actuary for this purpose are set out below:

	2005	2004	2003
Rate of increase in pensionable salaries	4.4%	4.3%	4.3%
Rate of increase in pensions in payment	2.9%	2.8%	2.8%
Discount rate	4.8%	5.3%	5.3%
Inflation assumption	2.9%	2.8%	2.8%

LITTLEWOODS PROMOTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

19. PENSION SCHEME (continued)

The assets in the Scheme and the expected rates of return (net of administrative expenses) were:

	Long term rate of return expected 31 December 2005 %	Value at 31 December 2005 £000	Long term rate of return expected 31 December 2004 %	Value at 31 December 2004 £000	Long term rate of return expected 31 December 2003 %	Value at 31 December 2003 £000
Equities	7.0	812	7.0	986	7.0	686
Bonds	4.5	80	5.0	131	-	-
Cash	4.0	612	4.0	92	4.0	325
Total market value of assets		1,504		1,209		1,011
Present value of scheme liabilities		(1,257)		(1,044)		(783)
Surplus in the scheme		247		165		228
Related deferred tax liability		(74)		(49)		(68)
Net pension asset		173		116		160

Analysis of the amount charged to operating profit

The following amounts have been dealt with in the financial statements in the year to 31 December 2005 under the requirements of FRS 17:

	Year to 31 December 2005 £000	Year to 31 December 2004 £000
Current service	173	201
Past service cost	-	-
Total operating charge	173	201

LITTLEWOODS PROMOTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

19. PENSION SCHEME (continued)

Movement in surplus during the year

	Year to 31 December 2005 £000	Year to 31 December 2004 £000
Surplus in scheme at the beginning of the year	165	229
Movement:		
Current service cost	(173)	(201)
Contributions	86	150
Past service cost	-	-
Other finance income	13	18
Actuarial gain/(loss)	156	(31)
Surplus in the scheme at the end of the year	<u>247</u>	<u>165</u>

Analysis of the amount credited to other finance income

The following amounts have been credited to other finance income in the year to 31 December 2005 under the requirements of FRS 17:

	Year to 31 December 2005 £000	Year to 31 December 2004 £000
Expected return on scheme assets	74	66
Interest on pension scheme liabilities	<u>(61)</u>	<u>(48)</u>
Net return	<u>13</u>	<u>18</u>

Analysis of the amount recognised in the statement of total recognised gains and losses

The following amounts have been recognised in the statement of total recognised gains and losses under the requirements of FRS 17:

	Year to 31 December 2005 £000	Year to 31 December 2004 £000
Actual return less expected return on pension scheme assets	132	(2)
Experience gains and losses arising on scheme liabilities	135	(38)
Changes in the assumptions underlying the present value of the scheme liabilities	<u>(111)</u>	<u>9</u>
Actuarial gain/(loss) recognised in the statement of total recognised gains and losses	<u>156</u>	<u>(31)</u>

LITTLEWOODS PROMOTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

19. PENSION SCHEME (continued)

History of experience gains and (losses)

	Year to 31 December 2005	Year to 31 December 2004	Year to 31 December 2003
Difference between actual and expected return on scheme assets:			
Amount (£000)	132	(2)	184
Percentage of scheme assets	8.8%	(0.2)%	18.2%
Experience gains and (losses) on scheme liabilities:			
Amount (£000)	135	(38)	13
Percentage of the present value of scheme liabilities	10.7%	(3.6)%	1.7%
Total amount recognised in statement of total recognised gains and (losses):			
Amount (£000)	156	(31)	158
Percentage of the present value of scheme liabilities	12.4%	(3.0)%	20.2%

20. RELATED PARTY TRANSACTIONS

The extent of transactions with related parties of Littlewoods Promotions Limited as defined by Financial Reporting Standard No. 8, and the nature of the relationship with them are summarised below:

	Year to 31 December 2005 £000	Year to 31 December 2004 £000
Contributions to the Foundation for Sport and the Arts	-	293

The Foundation for Sport and the Arts is a UK discretionary trust which was established in 1991 with the aim of encouraging and developing involvement in general sports activities and in the arts. The trustees include Mr. G. Speakman, a director of Littlewoods Promotions Limited.

At 31 December 2005, £nil (31 December 2004, £nil) was owed to the Foundation for Sport and the Arts.

21. ULTIMATE PARENT COMPANY

The Company is a subsidiary of Littlewoods Gaming Limited, incorporated in Great Britain.

The largest Group in which the results of the Company are consolidated is that headed by Sportech PLC. No other Group accounts include the result of the Company. Copies of Sportech PLC consolidated financial statements can be obtained from the Company Secretary at Sportech House, 2 Enterprise Way, Wavertree Technology Park, Liverpool L13 1FB.