

Kingmaker Services Limited

FINANCIAL STATEMENTS

for the period ended

30 December 2005

Company Registration No. 04173771

SATURDAY



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COMPANIES HOUSE

Kingmaker Services Limited

DIRECTOR AND OFFICERS

DIRECTOR

G Chaleplis

SECRETARY

P Milburn

COMPANY NUMBER

04173771 (England and Wales)

REGISTERED OFFICE

Apollo House
56 New Bond Street
London
W1S 1RF

AUDITORS

Baker Tilly
The Clock House
140 London Road
Guildford
Surrey GU1 1UW

Kingmaker Services Limited

DIRECTOR'S REPORT

The director presents his report and financial statements of Kingmaker Services Limited for the period ended 30 December 2005.

PRINCIPAL ACTIVITIES

The principal activity of the company during the period was that of online bookmakers.

REVIEW OF THE BUSINESS

The director is satisfied with the results for the period with turnover increasing substantially and the company trading profitably. The company continues to be supported by the director and the related parties whilst the business continues its development and enhances its market presence.

During the period the company changed its accounting reference date from 30 June to 30 December.

EVENTS SINCE THE END OF THE PERIOD

In June 2006 the company became part of the Leisure & Gaming Plc Group.

RESULTS AND DIVIDENDS

The trading profit for the period after taxation was £267,871.

The director does not recommend payment of a dividend.

DIRECTOR

The following director has held office since 1 July 2004:

G Chaleplis

DIRECTOR'S INTERESTS IN SHARES

Director's interests in the shares of the company, including family interests, were as follows:

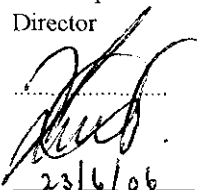
	<i>Ordinary Shares of £ 1 each</i>	
	30.12.05	1.7.04
G Chaleplis	100	100

AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants will be put to the members at the annual general meeting.

On behalf of the board

G Chaleplis
Director



23/6/06

Kingmaker Services Limited

DIRECTOR'S RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

Company law requires the director to prepare financial statements for each financial year which 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. In preparing those financial statements, the director is required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KINGMAKER SERVICES LIMITED

We have audited the financial statements on pages 5 to 14.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the director and auditors

The director's responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Director's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Director's 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 director's remuneration and transactions with the company is not disclosed.

We read the other information in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Director's Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies within the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with Auditing Standards 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 director 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.

Fundamental uncertainty relating to the going concern basis

In forming our opinion we have considered the adequacy of the disclosures made on page 7 to the financial statements concerning the company's ability to continue as a going concern. The financial statements have been prepared on a going concern basis the validity of which depends on the financial support of the company's new ultimate holding company. In view of the significance of this fundamental uncertainty we consider that it should be brought to your attention but our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 December 2005 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


BAKER TILLY

Registered Auditor
Chartered Accountants
The Clock House
140 London Road
Guildford
Surrey GU1 1UW
23 June 2006

Kingmaker Services Limited

PROFIT AND LOSS ACCOUNT

for the period ended 30 December 2005

		18 Months ended 30 December 2005 £	Year ended 30 June 2004 £
	<i>Notes</i>		
TURNOVER	1	40,498,066	9,669,332
Cost of sales		39,565,356	9,392,990
Gross profit		932,710	276,342
Other operating expenses (net)	2	488,585	279,782
OPERATING PROFIT/(LOSS)		444,125	(3,440)
Investment income	3	135	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	4	444,260	(3,440)
Taxation	6	176,389	(3,400)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	13	267,871	(40)

The operating profit/(loss) for the period arises from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

Kingmaker Services Limited

BALANCE SHEET

30 December 2005

	Notes	30 December 2005 £	30 June 2004 £
FIXED ASSETS			
Intangible assets	7	63,570	190,710
CURRENT ASSETS			
Debtors	8	591,769	274,070
Cash at bank and in hand		84,030	124,664
		675,799	398,734
CREDITORS: Amounts falling due within one year	9	723,423	611,369
NET CURRENT LIABILITIES		(47,624)	(212,635)
TOTAL ASSETS LESS CURRENT LIABILITIES		15,946	(21,925)
CREDITORS: Amounts falling due after more than one year	10	-	(230,000)
		15,946	(251,925)
CAPITAL AND RESERVES			
Called up share capital	12	100	100
Profit and loss account	13	15,846	(252,025)
EQUITY SHAREHOLDERS' FUNDS	14	15,946	(251,925)

Approved by the board on 23/6/06

G Chaleplis

Director



Kingmaker Services Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with applicable accounting standards.

The financial statements have been prepared under the historical cost convention.

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

GOING CONCERN

In June 2006 the company became part of the Leisure & Gaming Plc Group, which has agreed to provide financial support as and when required, for a period of at least twelve months from the date of approval of the financial statements, to enable the company to meet its external obligations.

On this basis, the director considers it appropriate to prepare the accounts on a going concern basis. The financial statements do not include any adjustments that would result from a withdrawal of this financial support.

GOODWILL

Goodwill representing the excess of the purchase price compared with the fair value of assets acquired is capitalised and written off over five years as in the opinion of the director this represents the period over which the goodwill is effective.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

LEASED ASSETS

The annual rentals on 'operating leases' are charged to the profit and loss account on a straight line basis over the lease term.

FOREIGN CURRENCY TRANSLATION

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the accounting date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

TURNOVER

Turnover represents the amounts staked in respect of bets placed on sporting events and casino games that have concluded in the period.

Kingmaker Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 December 2005

1. TURNOVER AND PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and profit/(loss) before taxation were all derived from its principal activity wholly undertaken in the United Kingdom.

2. OTHER OPERATING EXPENSES (NET)	2005 £	2004 £
Administrative expenses	1,154,039	302,646
Other operating income	(665,454)	(22,864)
	<u>488,585</u>	<u>279,782</u>
3. INVESTMENT INCOME	2005 £	2004 £
Other interest	<u>135</u>	<u>-</u>
4. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	2005 £	2004 £
Profit/(Loss) on ordinary activities before taxation is stated after charging/(crediting):		
Amortisation of intangible assets	127,140	84,760
Operating lease rentals:		
Plant and machinery	3,852	430
Land and buildings	31,017	-
Loss on foreign exchange transactions	19,636	5,917
Auditors' remuneration	19,191	3,000
Remuneration of auditors for non-audit work	<u>6,510</u>	<u>348</u>

Kingmaker Services Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the period ended 30 December 2005

5. EMPLOYEES

The average monthly number of persons (including directors) employed by the company during the period was:	2005 No.	2004 No.
Administration	9	1
	<u>9</u>	<u>1</u>
	£	£
Staff costs for the above persons:		
Wages and salaries	321,183	-
Social security costs	33,362	-
	<u>354,545</u>	<u>-</u>
	<u>354,545</u>	<u>-</u>
DIRECTOR'S REMUNERATION	2005	2004
	£	£
Emoluments for qualifying services	71,936	-
	<u>71,936</u>	<u>-</u>

Kingmaker Services Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the period ended 30 December 2005

6. TAXATION	2005	2004
	£	£
Domestic current year tax		
U.K. corporation tax	172,989	-
Current tax charge	172,989	-
Deferred tax		
Deferred tax charge/(credit) current period	3,400	(3,400)
Total tax charge/(credit) for the period	176,389	(3,400)
Factors affecting the tax charge for the period		
Profit/(loss) on ordinary activities before taxation	444,260	(3,440)
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004: 19.00%)	133,278	(654)
Effects of:		
Non deductible expenses	6,156	109
Depreciation in excess of capital allowances	38,142	16,104
Tax losses utilised	(5,348)	(15,559)
Other tax adjustments	761	-
Small companies tax rate relief	-	-
	39,711	654
Current tax charge	172,989	-

The company has estimated losses of £ nil (2004: £ 17,800) available for carry forward against future trading profits.

Kingmaker Services Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the period ended 30 December 2005

7. INTANGIBLE FIXED ASSETS

	<i>Goodwill</i> £
Cost	
1 July 2004 and 30 December 2005	423,800
Amortisation	
1 July 2004	233,090
Charge in the period	127,140
30 December 2005	360,230
Net book value	
30 December 2005	63,570
30 June 2004	190,710

8. DEBTORS

	2005 £	2004 £
Due within one year:		
Trade debtors	-	6,260
Amounts owed by related parties	532,778	122,200
Corporation tax	-	4,005
Called up share capital not paid	-	100
Other debtors	48,094	130,819
Prepayments and accrued income	10,897	7,286
Deferred tax asset (note 11)	-	3,400
	591,769	274,070

9. CREDITORS: Amounts falling due within one year

	2005 £	2004 £
Trade creditors	243,123	338,077
Corporation tax	172,989	-
Other taxes and social security costs	25,527	-
Amounts owed to related parties	47,000	81,113
Director's current accounts	78,900	31,000
Other creditors	145,884	131,681
Accruals and deferred income	10,000	29,498
	723,423	611,369

Kingmaker Services Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the period ended 30 December 2005

10. CREDITORS: Amounts falling due in more than one year	2005 £	2004 £
Director's loan	-	230,000

11. PROVISIONS FOR LIABILITIES AND CHARGES

	<i>Deferred taxation</i> £
Balance at 1 July 2004	(3,400)
Transfer from profit and loss account	3,400
Deferred tax (asset) at 30 December 2005	-

Deferred taxation provided in the financial statements is as follows:

	2005 £	2004 £
Tax losses available	-	(3,400)

12. SHARE CAPITAL

	2005 £	2004 £
Authorised: 1,000 Ordinary Shares of £1 each	1,000	1,000
Allotted, issued and fully paid: 100 Ordinary Shares of £1 each	100	100

13. STATEMENT OF MOVEMENT ON RESERVES

	<i>Profit and loss account</i> £
1 July 2004	(252,025)
Retained profit for the period	267,871
30 December 2005	15,846

Kingmaker Services Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the period ended 30 December 2005

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2005 £	2004 £
Profit/(Loss) for the financial period	267,871	(40)
Opening shareholders' funds	(251,925)	(251,885)
Closing shareholders' funds	<u>15,946</u>	<u>(251,925)</u>

15. COMMITMENTS UNDER OPERATING LEASES

At 30 December 2005 the company had annual commitments under non-cancellable operating leases as follows:

	2005 £	2004 £
Land and buildings expiring in the second to fifth year	33,435	-
Plant and machinery expiring in the second to fifth year	2,568	1,572
	<u>36,003</u>	<u>1,572</u>

16. TRANSACTIONS WITH DIRECTOR

During the period the director provided the company a loan of £230,000 and working capital funding of £31,000. At the balance sheet date £78,900 (2004: £261,000) was due to the director.

17. CONTROL

At the balance sheet date the ultimate controlling party was the director, Mr G Chaleplis.

In June 2006 the company became part of the Leisure & Gaming Plc Group, which became the new ultimate controlling party.

Kingmaker Services Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the period ended 30 December 2005

18. RELATED PARTY TRANSACTIONS

The company is related to Shop Limited, Betshop Limited, Betshop Italia SRL, Gamemaster NV and Linkbest Limited whose ultimate controlling party is the director Mr G Chaleplis.

During the period Shop Limited provided the company with software support services of £107,000 (2004: £108,000).

The company licences a trademark from Betshop Limited. The licence fee paid in the period was £9,000 (2004: £6,000).

The company provides Betshop Italia SRL with consultancy services. During the period fees of £61,769 (2004: £nil) were charged.

During the period the company provided software support services of £220,000 (2004: £nil) to Linkbest Limited. The company also earned commissions of £330,483 (2004: £nil) from Linkbest Limited.

The company paid a licence fee of £21,000 (2004: £nil) to Gamemaster NV. Consultancy fees of £40,000 (2004: £nil) were charged to Gamemaster NV during the period.

Amounts owed by related parties (note 8)

Shop Limited	272,871	92,053
Betshop Limited	2,474	2,474
Betshop Italia SRL	61,769	-
Gamemaster NV	19,000	-
Linkbest Limited	176,664	27,673
	<u>532,778</u>	<u>122,200</u>

Amounts owed to related parties (note 9)

Shop Limited	28,000	68,113
Betshop Limited	19,000	13,000
	<u>47,000</u>	<u>81,113</u>

No interest accrues on the related party balances.