



THE WEATHER LOTTERY PLC

("The Weather Lottery" or the "Company")

PRELIMINARY RESULTS
FOR THE YEAR ENDED 31 JULY 2009

5 January 2010

CHIEF EXECUTIVE'S STATEMENT

Operating Review

This period was a further year of consolidation for the lottery.

Lottery Lines played stayed level at approximately 26000 playing lines. Enquiries are still very healthy but the translation of these to playing lines has proved elusive.

The Company finances showed a loss of £48,000 throughout the financial year 2009. Cost cutting has been implemented to correct this figure.

Financial review

The financial statements show a loss of £48,000 for the year.

Proposed Dividend

The directors do not recommend the payment of a dividend (2008: £Nil).

Strategy and Outlook

The Weather Lottery's objective remains to build and expand its paper based and online entry for Society Lotteries in the fields of Charity, Education and Sport. Whilst considerable progress has been made in establishing these services much has still to be done to improve, expand and enhance them.

A new secondary lottery has been launched which gives the Societies a larger return and it is hoped that this will encourage new Societies to join.

Enquiries are very healthy, and new systems of closing are now in place.

A complete website update has been completed in the second half of the year creating clarity to the navigation and fundraising element. One of the major benefits of the new website is a client can now register online.

County Seminars will be developed and held on a monthly basis.

Other comprehensive loss		-	-
Comprehensive loss		(48)	(21)
LOSS PER SHARE			
Basic and fully diluted loss per ordinary share	7	(0.06)p	(0.03)p

All of the loss for the period is attributable to equity holders of the parent company.

CONSOLIDATED BALANCE SHEET AS AT 31 JULY 2009

	Note	2009 £'000	2008 £'000
ASSETS			
Non current assets			
Property, plant and equipment		6	-
Goodwill		158	158
Other intangible assets		-	25
Total non current assets		164	183
Current assets			
Inventories		2	-
Trade and other receivables		14	34
Cash and cash equivalents		58	105
Total current assets		74	139
TOTAL ASSETS		238	322
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	11	83	83
Share premium account	12	302	302
Retained earnings	12	(380)	(332)
Total equity		5	53
Current liabilities			
Trade and other payables	10	233	269
Current tax payable		-	-
Total current liabilities		233	269
Non-current liabilities			
Deferred tax provision		-	-
Total liabilities		233	269

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2009

	Called up share capital £'000	Share premium account £'000	Retained Earnings £'000	Total Equity £'000
Balance 31 July 2007	83	302	(311)	74
(Loss) for the year	-	-	(21)	(21)
Balance 31 July 2008	83	302	(332)	53
(Loss) for the year	-	-	(48)	(48)
Balance 31 July 2009	83	302	(380)	5
	=====			

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2009

	Note	Year ended 31 July 2009 £'000	Year ended 31 July 2008 £'000
Net cash from operating activities	13	(40)	(21)
Cashflow from investing activities			
Purchases of equipment		(8)	-
Interest received		1	5
Net cash (outflow)/inflow from investing activities		(7)	5
Financing			
Proceeds from issue of shares		-	-
Net cash from financing activities		-	-
Net (decrease) in cash and cash equivalents		(47)	(16)
Cash and cash equivalents at 1 August		105	121
Cash and cash equivalents at 31 July		58	105
		=====	
Comprising of:			
Cash and cash equivalents per the balance sheet		58	105
Less:			
Bank overdraft		-	-
Cash and cash equivalents for cash flow statement purposes	14	58	105
		=====	

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

1. Nature of Financial Information; Emphasis of matter - Going concern
UK Company Law requires Directors to consider whether it is appropriate to prepare the financial statements on the basis that the Company and the Group are going concerns. Throughout the financial statements there are various disclosures relating to Group funding and operational risks. The Directors' report summarises the key themes.

The Group does have some exposure to current economic conditions which have the potential to impact annual revenues. To date the economic downturn has reduced Group revenues as a whole by less than 10%. The Directors have prepared downside sensitised forecasts to 31 January 2011 and have implemented cost reductions by the liquidation of certain subsidiaries in order to improve cashflow. The Group continues to trade without the need for loan funding, although cash balances have been reduced in the period.

The downside sensitised forecasts have been reviewed by the Directors to ensure that the profit and cash generation derived from these forecasts are sufficient to meet the Group's requirements. As a result of these reviews, the Directors are of the opinion that the Group has adequate resources to continue in operation for the foreseeable future. For this reason, they consider it appropriate to adopt the going concern basis in preparing the financial statements.

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 2008.

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:

IFRS 3 (Revised 2008) - Business Combinations

IFRS 8 - Operating Segments

IAS 1 - Presentation of Financial Statements

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, except for the additional disclosures on operating segments when the relevant standard comes into effect for periods commencing on or after 1 January 2009.

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 2009, 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:

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.

Revenue recognition

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

4. 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.

Continuing operations

During the year the subsidiary company, Lottery Service Providers Limited, which undertook the administrative side of the operations went into liquidation. A new subsidiary, Prize Logistics Limited, took over the administrative work, thereby ensuring no interruption to trade. As the actual operations did not cease, the Directors consider that none of the operations are classed as Discontinued and hence all operations are considered to be Continuing throughout the period.

5. Operating Profit

Operating profit has been stated after charging the following:

	2009 £'000	2008 £'000
Amortisation of intangible fixed assets	25	15
Depreciation of tangible fixed assets	2	-
Operating lease charges	23	37
Auditors' remuneration - Audit services to the parent company	1	1
Auditors' remuneration - Audit services to the Group	8	7
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 £46,000 (2008 £284,000).

6. Personnel costs

	2009 No.	2008 No.
The average monthly number of employees (including executive and non executive Directors) was	9	9
	=====	

The split of employees by function within the Group is as follows:

	No.	No.
Administration and Sales	5	5
Management	4	4
Total	9	9
	=====	

	2009 £'000	2008 £'000
Their aggregate remuneration comprised		
Wages and salaries	182	153
Social security costs	17	16
Sums paid to third parties for services	12	45
	211	214
	=====	

Aggregate emoluments of highest paid director	104	105
	=====	

Included within the directors' emoluments is £11,750 (2008 £45,000) paid to directors via related companies, as detailed in note 15. All of the directors' emoluments relate to short-term employee benefits.

7. 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:

2009	2008
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Numerator: earnings attributable to equity (£'000)	(48)	(21)
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Denominator: weighted average number of equity shares (No.)	83,304,730	83,304,730
	=====	=====

The basic and diluted calculations are the same as there are no share options in place that would have a dilutive effect.

8. Dividend

The Directors do not recommend the payment of a dividend (2008: £nil).

9. Borrowings

The Group had no borrowings in respect of bank overdrafts, loans or finance lease arrangements at the year end (2008 £nil).

10. Other financial liabilities

Trade and other payables

	2009 £'000	2008 £'000
Trade payables	156	205
Other payables	33	18
Accrued liabilities and deferred income	44	46
	<hr/>	<hr/>
	233	269
	=====	=====

Other payables comprise:

	£'000	£ 000
Social security and other taxes	33	18
Other	-	-
	<hr/>	<hr/>
	33	18
	=====	=====

Presented as:

- Current	233	269
	=====	=====

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.

11. Equity share capital

	2009 £'000	2008 £'000
Authorised		

100,000,000 Ordinary Shares of 0.1p each	100	100
	=====	=====
Allotted, called up and fully paid		
83,304,730 (2008: 83,304,730) Ordinary Shares of 0.1p each	83	83
	=====	=====

12. Other reserves

	Share premium account £'000	Profit and loss account £'000
At 1 August 2008	302	(332)
(Loss) for the period	-	(48)
At 31 July 2009	<u>302</u>	<u>(380)</u>

13. Cash used in operations

	2009 £'000	2008 £'000
Results from operating activities	(49)	(26)
Depreciation of tangible assets	2	-
Amortisation of intangible assets	25	15
Increase in stock	(2)	-
Decrease/(increase) in receivables	20	12
(Decrease)/increase in payables	(36)	(22)
Net cash from operations	<u>(40)</u>	<u>(21)</u>
	=====	=====

14. Analysis of net debt

	2009 £'000	2008 £'000
Cash and cash equivalent per balance sheet	58	105
Bank overdraft	-	-
Cash and cash equivalent per cash flow statement	<u>58</u>	<u>105</u>
Net debt	<u>58</u>	<u>105</u>
	=====	=====

15. Transactions with related parties

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

K G Milhench

K G Milhench, a director, is also 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 £3,500 (2008 £1,400) on behalf of Cantbuyit Limited and at the year end was owed £3,580 (2008 £7,275) from this company.

N G McGowan

N G McGowan, a director, is also a director of, and significant shareholder in, Rangedetail Limited. He received payments of £nil (2008 £10,500) via this company for services as a director.

A Moore

A Moore, a director, was also a Designated Member of Central Corporate Finance LLP in the year. He received payments of £11,750 (2008 £nil) via this partnership for services as a director. He was also a director, and a significant shareholder in, Central Associates Limited in the year and received payments of £nil (2008 £28,618) via this company for services as a director.

M Mills

M Mills, a director, received payments of £500 (2008 £nil) via Central Corporate Finance LLP for services as a director.

Remuneration of key management personnel

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

16. Controlling Party

No single individual has sole control of the company.

17. Going Concern

The Group made a loss for the year of £48,000. As a result of continued losses, during the year the subsidiary Lottery Service Providers Limited was placed into Creditors' Voluntary Liquidation and the administration function of the Group was taken up by a new subsidiary, Prize Logistics Limited. Inter-group loans between Lottery Service Providers Limited, its parent company and its fellow subsidiary were waived prior to the Liquidation. This had no impact on the Group as a whole at the year end but has been provided for in each respective company's own financial statements. Whilst this resulted in the parent company, The Weather Lottery plc, having net liabilities at the year end, the Directors consider that the liquidation of Lottery Service Providers Limited will benefit the Group as a whole moving forward as it provides the opportunity for the Group to operate from a lower cost base.

Given that the level of income is anticipated to be sustained, but with a lower cost base, the Directors consider that the Group continues to be a going concern and they forecast that the explained changes to the cost structure of the Group which will enable its continuance.

18. Publication of Accounts

Copies of the directors' report and accounts for the year ended 31 July 2009 are today being posted to shareholders and are available from the company's website at

www.theweatherlottery.com/categories/corporate/investors.php

APPENDIX

Independent Auditors Report

We have audited the financial statements of The Weather Lottery plc for the year ended 31 July 2009 which comprise the Consolidated Income Statement, the

Consolidated and Parent Company Balance Sheets, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in the preparation of the consolidated financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Sections 495 to 497A of the Companies Act 2006. 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 Auditors' 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 Group and 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 directors and auditors

As explained more fully in the Directors' Responsibilities Statement (set out on page 9), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standard for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

the financial statements give a true and fair view of the state of the group's and parent company's affairs as at 31 July 2009 and of the group's loss for the year then ended;
the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
the parent company financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the group financial statements, Article 4 of the IAS Regulation.

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 30 to the financial statements concerning the group's ability to continue as a going concern. The group incurred another loss in the year of £48,000 in addition to losses made in the previous three years. The parent company incurred a net loss of £46,000 during the year ended 31 July 2009 and, at that date, had liabilities of

£53,000. These conditions, along with matters explained in note 30 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group and parent company's ability to continue as going concerns. The financial statements do not include the adjustments that would result if the group and parent company were unable to continue as going concerns.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosure of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Stephen G Rochester (Senior Statutory Auditor)
for and on behalf of Rochesters LLP
Chartered Accountants and Statutory Auditors

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Date: 4 January 2010