



The Weather Lottery plc

Interim Financial Report for the six month ended 31 January 2009

30 April 2009

Chief Executive's Statement

This period was a further six months of consolidation for the lottery.

Lottery Lines played stayed level at approximately 27,000. Enquiries are still very healthy but the translation of these to playing lines has proved elusive.

Due to the current economic and market conditions the listing on AIM is becoming cost prohibitive and the Board is considering a moving onto the PLUS market, further announcements will be made when appropriate.

Financial review

The six months to January 09 showed a small loss of £26,000.

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.

It is intended to enhance shareholder value by continued expansion of business.

It is our multi-year experience that clients are maintained and we have placed systems in order to maintain growth for all clients.

The Weather Lottery is registered and governed by the Gambling Commission without which we could not trade, under the new Gaming Act 2005 and we do not anticipate any changes to the law which would affect our business.

I look forward to 2009/10 being pivotal in the development of your company as it is poised and has in place the facilities to allow it to take opportunities to grow to a higher level.

Keith G Milhench

Chief Executive

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UNAUDITED INTERIM FINANCIAL REPORT OF  
THE WEATHER LOTTERY PLC  
FOR THE SIX MONTH ENDED 31 JANUARY 2009

CONDENSED CONSOLIDATED INCOME STATEMENT

	Six month ended 31 January 2009 (unaudited) £'000	Six month ended 31 January 2008 (unaudited) £'000	Year ended 31 July 2008 (audited) £'000	
Revenue	687	691	1,448	
Cost of Sales	501	432	387	
Gross Profit	186	259	1,061	
Administrative expenses	(213)	(319)	(1,087)	
Profit from operations	(27)	(60)	(26)	
Finance expenses	-	-	-	
Finance income	1	3	5	
(Loss) before taxation	(26)	(57)	(21)	
Taxation	-	-	-	
(Loss) attributable to equity holders	(26)	(57)	(21)	
=====				
Earnings per share				
Basic and fully diluted	2	(0.03)p	(0.07)p	(0.03)p
=====				

All results derive from continuing operations.

There are no recognised income or expenses other than the loss for the period.

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CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at 31 January 2009 (unaudited) £'000	As at 31 January 2008 (unaudited) £'000	As at 31 July 2008 (audited) £'000
<b>ASSETS</b>				
Non-current assets				
Goodwill		158	158	158
Intangible assets	3	18	33	25
		176	191	183
Current assets				
Trade and other receivables		18	29	34
Cash and cash equivalents		78	138	105
		96	167	139
<b>Total Assets</b>		272	358	322
<b>LIABILITIES</b>				
Current liabilities				
Trade and other payables		245	300	269
Current tax liabilities		-	41	-
		245	341	269
<b>Total Liabilities</b>		245	341	269
<b>Net Assets</b>		27	17	53
<b>EQUITY</b>				
Capital and reserves attributable to equity holders				
Called up share capital	4	83	83	83
Share premium account		302	302	302
Retained earnings		(358)	(368)	(332)
<b>Total equity</b>		27	17	53

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Total £'000
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Balance at 1 August 2007	83	302	(311)	74
(Loss) for the period	-	-	(57)	(57)
Balance at 31 January 2008	83	302	(368)	17
Profit for the period	-	-	36	36
Balance as 31 July 2008	83	302	(332)	53
(Loss) for the period	-	-	(26)	(26)
Balance at 31 January 2009	83	302	(358)	27
	=====	=====	=====	=====

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Notes	Six month ended 31 January 2009 (unaudited) £'000	Six month ended 31 January 2008 (unaudited) £'000	Year ended 31 July 2008 (audited) £'000
Net cash generated (used in)/from operations	5	(28)	14	(21)
Cash flow from investing activities:				
Interest received		1	3	5
Net cash generated from investing activities		1	3	5
Cash flow from financing activities:				
Net proceeds from issue of shares		-	-	-
Net cash generated from financing activities		-	-	-
(Decrease)/increase in cash and cash equivalents		(27)	17	(16)
(Decrease)/increase in cash and cash equivalents		(27)	17	(16)
Cash and cash equivalents at beginning of period		105	121	121
Cash and cash equivalents at end of period		78	138	105
		=====	=====	=====

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## NOTES TO THE INTERIM FINANCIAL REPORT

### 1. Accounting policies

#### Basis of Accounting

These interim results for the six months ended 31 January 2009 have been prepared using the historical cost and fair value conventions on the basis of the accounting policies set out below, which the Company expects to apply to its financial statements for the year ending 31 July 2009 which are to be prepared in accordance with IFRS. Whilst this interim report has been prepared in accordance with IFRS's, it is not in accordance with IAS 34 and therefore is not fully compliant with IFRS.

These interim results have been prepared under the historical cost convention. Areas where other bases are applied are identified in the accounting policies below.

The financial information set out in this interim report does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The Company's statutory financial statements for the year ended 31 July 2008 prepared under UK GAAP, have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under Sections 237 (2) and (3) of the Companies Act 1985.

The results for the six months ended 31 January 2009 were approved by the Board on 30th April 2009.

#### 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 January and 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.

#### Business combinations

The purchase method of accounting is used for all acquired businesses as defined by IFRS3 - 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 acquisition consideration plus directly attributable costs of acquisition over the net fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiaries acquired. Goodwill arising on acquisitions before the date of transition to IFRS is subject to alternative policies for valuation as described below.

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

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#### Intangible assets

An intangible asset is considered identifiable only if it is separable or arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

For intangible assets with finite useful lives, amortisation is calculated so as to write off the cost of an asset less its estimated residual value over its economic life as follows:

Software development - 10 years

In addition to amortisation, at each balance sheet date the Group reviews the carrying amounts of its 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). Recoverable amount is the higher of fair value less costs to sell and value in use. 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 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 in prior years.

#### Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

#### Trade receivables

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.

#### Trade payables

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

#### 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, associate or jointly controlled entity at the date of acquisition.

Goodwill is 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. Goodwill arising on acquisition before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

## Revenue recognition

Revenue represents takings received for entry into the prize draws. The revenue is recognised upon receipt of the money for the period that the draws take place, net of VAT and other sales-related taxes.

## Taxation

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

The charge for taxation is based on the taxable profit or loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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, or a right to pay less, tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial information that arises from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial information.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the reversal of the underlying timing differences can be deducted.

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

## 2. Earnings per ordinary share

The calculation of basic earnings per share is based on the results and weighted average number of ordinary shares as follows:

	Six month ended 31 January 2009 (unaudited) £'000	Six month ended 31 January 2008 (unaudited) £'000	Year ended 31 July 2008 (audited) £'000
(Losses) attributable to equity	(26)	(57)	(21)
=====			
Weighted average number of ordinary shares:			
Basic and fully diluted	83,304,730	83,304,730	83,304,730
=====			

The basic and fully diluted weighted average number of ordinary shares are the same due to there being no share options in place during the period.

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3. Intangible Fixed Assets

	Software Development £'000
Cost:	
As at 1 August 2008	154
Additions	-
As at 31 January 2009	154
Depreciation:	
As at 1 August 2008	129
Charge for Period	7
As at 31 January 2009	136
Net Book Value:	
As at 31 January 2009	18
As at 31 July 2008	25

4. Share capital

	As At 31 January 2009 £'000	As At 31 January 2008 £'000	As At 31 July 2008 £'000
Authorised:			
100,000,000 ordinary shares of 0.1p each	100	100	100
	=====		
Issued and fully paid:			
83,304,730 ordinary shares of 0.1p each	83	83	83
	=====		

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5. Cash used in Operations

	As At	As At	As At
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	31 January 2009 £'000	31 January 2008 £'000	31 July 2008 £'000
(Loss) from operations	(27)	(60)	(26)
Amortisation of intangible assets	7	7	15
Decrease in debtors	16	18	12
(Decrease)/increase in creditors	(24)	49	(22)
Cash generated (used in)/from operations	(28)	14	(21)

#### 6. Interim Financial Report

The unaudited interim financial report, which is the responsibility of the directors and was approved by them on 27th April 2009 does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985.

This report is available on The Weather Lottery's website at [www.theweatherlottery.com](http://www.theweatherlottery.com). Copies are available from the Company at its registered office:

Derby House Stud, Retford Road, Mattersey, Doncaster, DN10 5HJ for a period of one month, free of charge.