

THE WEATHER LOTTERY PLC
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2008

THE WEATHER LOTTERY PLC

COMPANY INFORMATION

DIRECTORS	K G Milhench – Chief Executive N G McGowan M Mills – Non-Executive A Moore – Non-Executive Chairman
SECRETARY	N G McGowan
REGISTERED OFFICE	Derby House Mattersey Doncaster DN10 5HJ
NOMINATED ADVISERS	Blomfield Corporate Finance Limited 1-3 College Hill London EC4R
AUDITORS	Rochesters LLP 13 Caroline Street St. Paul's Square Birmingham B3 1TR
SOLICITORS	Dawsons 2 New Square Lincoln's Inn London WC3A 3RZ
REGISTRARS	SLC Registrars Limited 42-46 High Street Esher Surrey KT10 9QY
PRINCIPLE BANKERS	HSBC Bank PLC 33 Park Row Leeds LS1 1LD
BROKERS	SVS Securities Plc 2 London Wall Buildings London Wall London EC2M 5PP

THE WEATHER LOTTERY PLC

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THE WEATHER LOTTERY PLC
CHIEF EXECUTIVE'S STATEMENT

Operating Review

This period was a further year 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.

The company finances have improved from the year ending 31st July 2007 which showed a loss of £162,000 to the point of a small profit in the second half of 2008 with the overall figures for the year showing a small loss of £21,000.

Financial review

There showed a loss of £21,000 for the year (noting a small profit in the second half of 2008) against a loss of £162,000 in the year ended 31 July 2007.

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 re-launch has been finalised in October 2008 creating clarity to the navigation and fundraising element. One of the major benefits of the new website is that a client can now register online.

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

It is intended to enhance shareholder value by continued expansion of business both organically and by strategic acquisition if available.

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 2008/9 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.

THE WEATHER LOTTERY PLC
CHIEF EXECUTIVE'S STATEMENT

Proposed Dividend

The directors do not recommend the payment of a dividend (2007: £Nil).

The Current Structure

In the year the Group operated via two trading subsidiaries:

Prize Provision Services Ltd – this holds the lottery licence with the Gambling Commission and is the company through which monies are received from players and payments are made in prizes and to clients;

Lottery Service Providers Ltd - this provides the administration function of the lottery.

After the year end Lottery Service Providers Ltd was placed into a Creditors' Voluntary Liquidation and this function for the Group is now provided through a newly formed company, Prize Logistics Ltd. This will strengthen the groups finances.

Keith Milhench
Chief Executive

THE WEATHER LOTTERY PLC

DIRECTORS' REPORT For the year ended 31 July 2008

The Directors present their Report and the annual Financial Statements for the year ended 31 July 2008.

Principal activities

The principal activity of the Company is that of a holding company.

The principal activity of the Group in the period was that of lottery administrators.

Business review and future developments

The Weather Lottery Plc's ("The Weather Lottery") principal activity is that of lottery administrators. A review of these activities, future developments and principal risks is provided in the Chief Executive's Statement and the Principal risks and uncertainties section.

Principal risks and uncertainties facing the Group

Management and employees

The nature of the Group and its business model creates reliance upon retaining and incentivising its senior management and certain key employees, whose expertise will be important to the fortunes of the Group going forward. The Directors have endeavoured to ensure that the principal members of its management team are suitably incentivised, but the retention of such staff cannot be guaranteed.

The Group may need to recruit additional senior management and other staff in order to further develop its business. There can be no guarantee that such individuals will be recruited in the Group's preferred timetable or at the cost levels anticipated by the Group. Competition for staff is strong and therefore the Group may find it difficult to retain key management and staff. The loss of key personnel and the inability to recruit further key personnel could have a material adverse effect on the future of the Group through the impairment of the day-to-day running of the businesses and the inability to maintain existing client relationships.

Exposure of the Group to UK economic conditions

Demand for the Group's services may be significantly affected by the general level of economic activity and economic conditions in the regions and sectors in which the Group operates. Therefore, an actual or perceived economic downturn, especially in regions or sectors where the Group's operations are focused, could have a material adverse effect on the Group's business and financial results.

Competition

The Group is engaged in business activities where there are a number of competitors. Many of these competitors are larger than the relevant businesses carried on by the Group and have access to greater funds than the Company, which will potentially enable them to gain market share at the expense of the Group.

Acquisitions

The Company does not anticipate making acquisitions in the near future although the Directors cannot discount circumstances where an acquisition would support the Company's business strategy. However, there is no guarantee that the Company will successfully be able to identify, attract and complete suitable acquisitions or that the acquired business will perform in line with expectations.

THE WEATHER LOTTERY PLC

DIRECTORS' REPORT For the year ended 31 July 2008

Funding and working capital

The Group has given the usual undertakings, covenants and security for its funding facility. Maintaining a sufficient level of working capital is essential to enable the Group to meet its foreseeable obligations and achieve its strategy. Failure to manage working capital could impact upon the ability of the Group to grow.

Management of growth

The ability of the Group to implement its strategy in an expanding market requires effective planning and management control systems. The Directors anticipate that further expansion will be required to respond to market opportunities and the potential growth in its client base. The Group's growth plans may place a significant strain on its management, operational, financial and personnel resources. The Group's future growth and prospects will, therefore, depend on its ability to manage the growth and to continue to expand and improve operational, financial and management information and quality control systems on a timely basis, whilst at the same time maintaining effective cost controls. Any failure to expand and improve operational, financial and management information and quality control systems in line with the Group's growth could have a material adverse effect on its business, financial condition and results of operations.

Reliance on Partners

Much of the Group's business is dependent on partners (charities, clubs, etc). Changes in key relationships within those partners, change of strategic direction by partner organisations, changes in the viability of partner-owned technology, economic and other business circumstances could all have an adverse effect on the financial performance of the Group.

Legal and regulatory matters

The Group is subject to a considerable degree of regulation and legislation. Changes in or extensions of laws and regulations affecting the industry in which the Group operates (or those in which its customers operate) and the rules of industry organisations could restrict or complicate the Group's business activities, with the potential to increase compliance / legal costs significantly.

Financial risk management

The Group's financial risk management policies are disclosed in the financial statements within this document.

Dividends

The Directors do not recommend a dividend for the year (2007: £Nil).

Directors

The following Directors held office during the financial year ended 31 July 2008:

K G Milhench
N G McGowan
A Moore
M Mills

THE WEATHER LOTTERY PLC

DIRECTORS' REPORT For the year ended 31 July 2008

Directors' interests in shares and warrants

The Directors who held office at 31 July 2008 had the following interests in the shares of the Company, including family interests:

	Ordinary shares of 0.1p each	
	At 31 July 2008	At 31 July 2007 (or date of appointment, if later)
K G Milhench	7,500,000	7,500,000
N G McGowan	1,850,000	1,850,000
A Moore	5,537,500	13,700,000
M Mills	37,500	5,537,500

The holding of A Moore at 31 July 2007 included 5,537,500 held on trust for M Mills, which are also disclosed above.

None of the directors have held or exercised any share options during the year, or held any other beneficial interest.

Substantial shareholdings

The Company has been notified of the following substantial holdings of ordinary 0.1p shares as at 19 January 2009

	Percentage Holding	No. of shares
SVS (Nominees) Ltd*	17.48%	14,559,087
Pershing Nominees Ltd	14.60%	12,166,339
A Moore	6.65%	5,537,500
R Haddow	5.54%	4,611,165
J Green	4.82%	4,015,000

- includes 7,500,000 shares held on behalf of K G Milhench

No other person has notified an interest in the ordinary shares of the Company as required to be disclosed to the Company.

Donations

Charitable and political donations made by the Group during the year amounted to £nil (2007: £nil).

Creditor payment policy and practice

It is the Group's policy to establish terms of payments with suppliers when agreeing each transaction or series of transactions, to ensure that suppliers are aware of these terms of payment and to abide by them. At 31 July 2008, the Group had an average of 57 days (2007: 62 days) of purchases outstanding in trade creditors.

THE WEATHER LOTTERY PLC

DIRECTORS' REPORT For the year ended 31 July 2008

Post balance sheet events

Subsequent to the year end the Group placed Lottery Service Providers Limited into a Creditors' Voluntary Liquidation in order to reduce future expenditure for the Group. A new company, Prize Logistics Ltd, has been subsequently formed to run the administrative function of the Group.

Going concern

Having made appropriate enquiries and having examined the major areas which could affect the Group's financial position, the Directors are satisfied 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.

Information to shareholders

The Group has its own website (www.theweatherlottery.com) for the purposes of improving information flow to shareholders as well as potential investors.

Corporate governance

The Group intends to continue with measures previously put in place to ensure that it complies with the Combined Code so far as is practicable and appropriate for a public company of its size and nature.

The Group has put into place an Audit Committee and a Remuneration Committee under the control of Keith Milhench Director.

The Directors intend to comply with Rule 21 of the AIM Rules for Companies relating to Directors' dealings as applicable to AIM companies and will also take all reasonable steps to ensure compliance by the Group's applicable employees. In line with the AIM rules for Companies, the Group has adopted an AIM rules compliance policy setting out the procedures to be followed in order that the Company will fully comply with the AIM Rules for Companies.

Relations with shareholders

The Chief Executive is the Group's principal spokesperson with investors, fund managers, the press and other interested parties. At the Annual General Meeting, private investors are given the opportunity to question the Board.

Internal control

The Board acknowledges its responsibility for establishing and monitoring the Group's systems of internal control. Although no system of internal control can provide absolute assurance against material misstatement or loss, the Group's systems are designed to provide the Directors with reasonable assurance that problems are identified on a timely basis and so can be dealt with appropriately.

THE WEATHER LOTTERY PLC

DIRECTORS' REPORT For the year ended 31 July 2008

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange the Directors are required to prepare the Group Financial Statements in accordance with IFRS's as adopted by the EU and applicable laws and have elected to prepare the Parent Company Financial Statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The Group Financial Statements are required by law and IFRS's as adopted by the EU to present fairly the financial position and the performance of the Group; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

The Parent Company financial statements are required by law to give a true and fair view of the state of affairs of the Parent Company. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRS's as adopted by the EU;
- for the Parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the Directors Report and other information contained in the annual report is prepared in accordance with company law in the United Kingdom.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included in the Company's website. Legislation in the UK governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report each confirm the following:

- so far as they are aware, there is no relevant audit information of which the Group's auditors are unaware, and
- they have taken all the steps that they ought to have taken as Director in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

THE WEATHER LOTTERY PLC

DIRECTORS' REPORT
For the year ended 31 July 2008

Auditors

A resolution will be proposed at the forthcoming General Meeting for the re-appointment of Rochesters LLP as auditors of the Group in accordance with Section 385 of the Companies Act 1985 and that the Directors be authorised to fix their remuneration.

This report was approved by the Board on 28 January 2009 and signed on its behalf.

K G Milhench
Director

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
THE WEATHER LOTTERY PLC**

We have audited the Group and Parent Company Financial Statements (the "Financial Statements") of The Weather Lottery plc for the year ended 31 July 2008 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. These Financial Statements have been prepared in accordance with the accounting policies set out therein.

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 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

The Directors' responsibilities for preparing the Directors' Report and the Group Financial Statements in accordance with applicable law and International Financial Reporting Standards (IFRS's) as adopted by the EU, and for preparing the Parent Company Financial Statements in accordance with applicable law and UK Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities. Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the Financial Statements. In addition we report to you if, in our opinion, 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 with the Group is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited Financial Statements. The other information comprises only the Chief Executive's Statement and the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any other information.

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 judgments made by the Directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Group's and the Company's circumstances, consistently applied and adequately disclosed.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
THE WEATHER LOTTERY PLC**

Basis of audit opinion (*continued*)

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 Group Financial Statements give a true and fair view, in accordance with IFRS's as adopted by the European Union, of the state of affairs of the Group as at 31 July 2008 and of its loss and cash flows for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with the Companies Act 1985;
- the Parent Company Financial Statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Parent Company's affairs as at 31 July 2008;
- the Parent Company Financial Statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the Financial Statements.

Emphasis of matter – Going concern

In forming our opinion on the financial statements of both the Group and the Parent Company, which is not qualified, we have considered the adequacy of the disclosure made in note 28 to the consolidated financial statements concerning events after the balance sheet date and the ability to continue as a going concern. The Group incurred another loss in the year of £21,000 in addition to losses made in the previous two years. The Parent Company incurred a net loss of £284,000 during the year ended 31 July 2008 and, at that date, had liabilities of £7,000, as a result of providing against amounts owed to it from a subsidiary undertaking. That subsidiary was placed into Creditors' Voluntary Liquidation after the year end. These conditions, along with matters explained in note 28 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.

**Rochesters LLP
Registered Auditors**

No 3 Caroline Court
13 Caroline Street
St. Paul's Square
Birmingham
B3 1TR

Date: 28 January 2009

THE WEATHER LOTTERY PLC
CONSOLIDATED INCOME STATEMENT
For the year ended 31 July 2008

	<i>Note</i>	Year ended 31 July 2008	<i>Year ended 31 July 2007</i>
		£'000	<i>£'000</i>
Revenue	5	1,448	<i>1,500</i>
Cost of sales		(387)	<i>(530)</i>
Gross profit		1,061	<i>970</i>
Administrative expenses		(1,087)	<i>(1,133)</i>
Finance income	8	5	<i>1</i>
Finance costs	8	-	<i>-</i>
Profit before taxation		(21)	<i>(162)</i>
Income tax expense	9	-	<i>-</i>
Profit for the period		(21)	<i>(162)</i>
EARNINGS PER SHARE			
Basic and fully diluted profit per ordinary share	10	(0.03)p	<i>(0.21)p</i>

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

THE WEATHER LOTTERY PLC
CONSOLIDATED BALANCE SHEET
As at 31 July 2008

	<i>Note</i>	2008	<i>2007</i>
		£'000	<i>£'000</i>
ASSETS			
Non current assets			
Goodwill	12	158	158
Other intangible assets	13	25	40
Total non current assets		183	198
Current assets			
Trade and other receivables	15	34	47
Cash and cash equivalents	15	105	121
Total current assets		139	168
TOTAL ASSETS		322	366
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	21	83	83
Share premium account	22	302	302
Retained earnings	22	(332)	(311)
Total equity		53	74
Current liabilities			
Trade and other payables	18	269	292
Current tax payable		-	-
Total current liabilities		269	292
Non-current liabilities			
Deferred tax provision	20	-	-
Total liabilities		269	292
TOTAL EQUITY AND LIABILITIES		322	366

The financial statements were approved by the Board of Directors and authorised for issue on 28 January 2009. They were signed on its behalf by:

K G Milhench
Director

THE WEATHER LOTTERY PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 July 2008

	<i>Called up share capital £'000</i>	<i>Share premium account £'000</i>	<i>Retained Earnings £'000</i>	<i>Total Equity £'000</i>
Balance 31 July 2006	73	245	(149)	169
Issue of shares	10	57	-	67
(Loss) for the year	-	-	(162)	(162)
Balance 31 July 2007	83	302	(311)	74
(Loss) for the year	-	-	(21)	(21)
Balance 31 July 2008	83	302	(332)	53

THE WEATHER LOTTERY PLC
CONSOLIDATED CASHFLOW STATEMENT
For the year ended 31 July 2008

	<i>Note</i>	Year ended 31 July 2008 £'000	<i>Year ended 31 July 2007 £'000</i>
Net cash from operating activities	23	(21)	(187)
Cashflow from investing activities			
Interest received		5	1
Net cash from investing activities		5	1
Financing			
Proceeds from issue of shares		-	67
Net cash from financing activities		-	67
Net (decrease) in cash and cash equivalents		(16)	(119)
Cash and cash equivalents at 1 August		121	240
Cash and cash equivalents at 31 July		105	121
Comprising of:			
Cash and cash equivalents per the balance sheet		105	121
Less:			
Bank overdraft		-	-
Cash and cash equivalents for cash flow statement purposes	24	105	121

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.

THE WEATHER LOTTERY PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 July 2008

1. General Information

The Weather Lottery plc is a company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is Derby House, Mattersey, Doncaster DN105HJ. 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 April 2007. The adoption of the following IFRSs has not impacted the audited financial statements.

IFRIC 10 – Interim Financial Reporting and Impairment

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 8 – Operating Segments

IAS 23 – Borrowing Costs

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 disclosures required by IFRS 1 concerning the transition from UK GAAP to IFRS are given in note 29.

THE WEATHER LOTTERY PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 July 2008

continued

The financial information has been prepared on a going concern basis, as at 31 July 2008, 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.

Intangible assets

Intangible assets relate to the software development of the lottery game. It is considered that the software has a finite useful life and amortisation is calculated so as to write off the carrying value of it over its useful economic life of 10 years.

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.

THE WEATHER LOTTERY PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 July 2008

continued

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.

THE WEATHER LOTTERY PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 July 2008

continued

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.

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.

THE WEATHER LOTTERY PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 July 2008

continued

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.

THE WEATHER LOTTERY PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 July 2008

continued

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.

Valuation of intangibles

Determining the value of the lottery software requires an estimation of the continued economic value that the software will provide without the requirement for significant enhancement or change.

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 WEATHER LOTTERY PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 July 2008

continued

6. Operating Profit

Operating profit has been stated after charging the following:

	2008	<i>2007</i>
	£'000	<i>£'000</i>
Amortisation of intangible fixed assets	15	14
Auditors' remuneration		
Auditors' remuneration – Audit services to the parent company	1	1
Auditors' remuneration – Audit services to the Group	7	7
Auditors' remuneration – Other services	1	-
Operating lease rentals – land and buildings	28	<i>25</i>

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The loss for the period after taxation was £284,000 (2007 £81,000).

7. Personnel costs

	2008	<i>2007</i>
	No.	<i>No.</i>
The average monthly number of employees (including executive Directors) was	9	<i>9</i>

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

	No.	<i>No.</i>
Administration and Sales	5	<i>5</i>
Management	4	<i>4</i>
Total	9	<i>9</i>

	2008	<i>2007</i>
	£'000	<i>£'000</i>
Their aggregate remuneration comprised		
Wages and salaries	153	<i>149</i>
Social security costs	16	<i>21</i>
Sums paid to third parties for services	45	<i>54</i>
	214	<i>224</i>

THE WEATHER LOTTERY PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 July 2008

continued

7. Personnel costs (continued)

	2008	<i>2007</i>
Directors' emoluments	£'000	<i>£'000</i>
Emoluments	105	<i>102</i>
Sums paid to third parties for director services	45	<i>54</i>
	150	<i>156</i>
Number of Directors accruing benefits under money purchase schemes	No. -	<i>No.</i> -
Aggregate emoluments of highest paid Director	105	<i>102</i>

Included within Directors' emoluments is £45,000 (2007 £54,000) paid to directors via related companies, as detailed in note 25.

8. Finance income and costs

	2008	<i>2007</i>
	£'000	<i>£'000</i>
Finance income	5	<i>1</i>

9. Income taxes

	2008	<i>2007</i>
	£'000	<i>£'000</i>
Current:		
Current tax for the year	-	<i>-</i>
Total current tax charge	-	<i>-</i>
Deferred tax credit (note 22)	-	<i>-</i>

THE WEATHER LOTTERY PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 July 2008

continued

Total income taxes	-	-
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THE WEATHER LOTTERY PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 July 2008

continued

Tax rate reconciliation		
	2008	<i>2007</i>
	£000	<i>£000</i>
(Loss) for the year	(21)	<i>(162)</i>
Corporation tax charge thereon at 21% (2007: 20%)	(4)	<i>(34)</i>
Adjusted for the effects of:		
Disallowed expenses for tax purposes	1	<i>1</i>
Depreciation in excess of capital allowances		<i>1</i>
Taxable losses and excess charges carried forward	3	<i>32</i>
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:

	2008	<i>2007</i>
Numerator: earnings attributable to equity (£'000)	(21)	<i>(162)</i>
Denominator: weighted average number of equity shares (No.)	83,304,730	<i>77,254,052</i>

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

11. Dividend

The Directors do not recommend the payment of a dividend (2007: £nil).

12. Goodwill

£'000

Cost

At 31 July 2006 and 31 July 2007	158
Additions	-
At 31 July 2008	158

Goodwill is stated as at the date of transition to IFRS, being 1 August 2006. The Directors consider there to be no impairment to this value.

THE WEATHER LOTTERY PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 July 2008

continued

13. Other intangible assets

Software Development

	2008 £'000	2007 £'000
Cost		
At 1 August	154	154
Additions	-	-
	154	154
At 31 July	154	154
Amortisation		
At 1 August	114	100
Charge for the year	15	14
	129	114
At 31 July	129	114
Net Book Value		
At 31 July	25	40

14. Subsidiaries

Details of the company's subsidiaries at 31 July 2008 are as follows:

<u>Name of subsidiary</u>	<u>Company number</u>	<u>Place of incorporation (or registration) and operation</u>	<u>Proportion of ownership interest & of voting power held</u>	<u>Holding</u>	<u>Principal activity</u>
Prize Provision Services Limited	03152966	England and Wales	100%	Ordinary shares	Lottery provider
Lottery Service Providers Limited	03898797	England and Wales	100%	Ordinary shares	Lottery administrator

The company also has a 15% holding in the ordinary shares of CBI Holdings Limited. These shares were acquired at a negligible value and CBI Holdings Limited has not yet traded.

THE WEATHER LOTTERY PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 July 2008

continued

15. Other financial assets

Trade and other receivables

	2008	<i>2007</i>
	£'000	<i>£'000</i>
Other receivables	23	<i>32</i>
Prepayments and accrued income	11	<i>15</i>
	<hr/>	<hr/>
	<hr/>	<hr/>

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

	2008	<i>2007</i>
	£'000	<i>£'000</i>
Cash and cash equivalents	105	<i>121</i>
	<hr/>	<hr/>

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.

16. Borrowings

The Group had no borrowings in respect of bank overdrafts, loans or finance lease arrangements at the year end (2007 £nil).

17. Derivatives financial instruments and hedge accounting

At 31 July 2008 and 2007 the Group had no derivatives in place for cash flow hedging purposes.

THE WEATHER LOTTERY PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 July 2008

continued

18. Other financial liabilities

Trade and other payables

	2008	<i>2007</i>
	£'000	<i>£'000</i>
Trade payables	205	263
Other payables	18	11
Accrued liabilities and deferred income	46	18
	269	292

Other payables comprise:

	£'000	<i>£ 000</i>
Social security and other taxes	18	11
Other	-	-

Presented as:

- Current	269	292
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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 WEATHER LOTTERY PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 July 2008

continued

19. 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 16, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 21 to 22.

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 presents the Group does not hold loans and receivables that are short-term in nature.

THE WEATHER LOTTERY PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 July 2008

20. Deferred taxation

A deferred tax asset has not been recognised in the years ended 31 July 2008 or 31 July 2007 in respect of taxable losses carried forward of approximately £875,000 (2007 £857,000) as there is insufficient evidence that it will be recoverable 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.

21. Equity share capital

	2008	<i>2007</i>
	£'000	<i>£'000</i>
Authorised		
100,000,000 Ordinary Shares of 0.1p each	<u>100</u>	<u><i>100</i></u>
Allotted, called up and fully paid		
83,304,730 (<i>2007: 83,304,730</i>) Ordinary Shares of 0.1p each	<u>83</u>	<u><i>83</i></u>

22. Other reserves

	<i>Share premium account</i>	<i>Profit and loss account</i>
	<i>£'000</i>	<i>£'000</i>
At 1 August 2007	302	(311)
(Loss) for the period	<u> </u>	<u>(21)</u>
At 31 July 2008	<u>302</u>	<u>(332)</u>

THE WEATHER LOTTERY PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 July 2008

continued

23. Cash used in operations

	2008	<i>2007</i>
	£'000	<i>£'000</i>
Results from operating activities	(26)	<i>(163)</i>
Finance income	-	<i>1</i>
Amortisation of intangible assets	15	<i>14</i>
Decrease/(increase) in receivables	12	<i>(38)</i>
Increase/(decrease) in payables	(22)	<i>(1)</i>
	<hr/>	<hr/>
Net cash from operations	(21)	<i>(187)</i>

24. Analysis of net debt

	2008	<i>2007</i>
	£'000	<i>£'000</i>
Cash and cash equivalent per balance sheet	105	<i>121</i>
Bank overdraft	-	<i>-</i>
Cash and cash equivalent per cash flow statement	<hr/> 105	<hr/> <i>121</i>
	<hr/>	<hr/>
Net debt	105	<i>121</i>

25. 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, a company which The Weather Lottery plc own 15% of the share capital of. CBI Holdings Limited is the parent company of Cantbuyit Limited. During the year The Weather Lottery plc made payments of £1,400 (2007 £5,875) on behalf of Cantbuyit Limited and at the year end was owed £7,275 (2007 £5,875) 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 £10,500 (2007 £18,000) via this company for services as a director.

THE WEATHER LOTTERY PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 July 2008

continued

A Moore

A Moore, a director, was also a director of, and significant shareholder in, Central Associates Limited in the year. He received payments of £28,618 (2007 £30,000) via this company for services as a director.

M Mills

M Mills, a director, was also a significant shareholder in Central Associates Limited in the year. He received payments of £5,500 (2007 £6,000) via this company 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.

26. 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:

	2008	2007
	£'000	£'000
Land and buildings:		
Within one year	-	
In the second to fifth years inclusive	-	
After five years	25	25
Other:		
Within one year	3	-
In the second to fifth years inclusive	6	8
After five years	-	-
	34	33
	34	33

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.

THE WEATHER LOTTERY PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 July 2008

continued

27. Controlling Party

No single individual has sole control of the company.

28. Events after the balance sheet date

The Group made a loss for the year of £21,000 . As a result, subsequent to the year end the subsidiary Lottery Service Providers Limited was placed into Creditors' Voluntary Liquidation. 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 has resulted in the parent company, The Weather Lottery plc, having net liabilities at the year end, the Directors consider that the Group continues to be a going concern and they forecast changes to the cost structure of the Group will enable its continuance

29. Explanation of transition to IFRS

The Group has applied IFRS1 "First Time Adoption of International Financial Reporting Standards" as a starting point for reporting under IFRS. The Group's date of transition is 1 August 2006 and comparative information has been restated to reflect the Group's adoption of IFRS except where otherwise required or IFRS1 requires an entity to comply with each IFRS and IAS effective at the reporting date for its first financial statements prepared under IFRS. As a general rule IFRS1 requires such standards to be applied retrospectively. However, the standard allows several optional exemptions from full retrospective application.

The Group has elected to take advantage of the following exemption. Business combinations made prior to 1 August 2006 will not be accounted for under IFRS3 "Business Combinations" and as such the value of goodwill in the balance sheet at that date will be the same amount under IFRS as that recorded in the UK GAAP financial statements, subject to the completion of an annual impairment review.

The reconciliations of equity at 1 August 2006 (date of transition to IFRS) and at 31 July 2007 (date of last UK GAAP financial statements) and the reconciliation of profit for 2006 and 2007, as required by IFRS1, are set out below.

Reconciliation of Profit from UK GAAP to IFRS

	31 July 2006 £'000	31 July 2007 £'000
UK GAAP (loss) for the financial period	(82)	(170)
Amortisation of goodwill	-	8
	(82)	(162)
(Loss) from continuing operations - IFRS	(82)	(162)

Reconciliation of Net Assets from UK GAAP to IFRS

	31 July	31 July
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THE WEATHER LOTTERY PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 July 2008

continued

	2006 £'000	2007 £'000
Net assets per UK GAAP	169	66
Amortisation of goodwill	-	8
	<hr/>	<hr/>
Net assets - IFRS	<u>169</u>	<u>74</u>

International Financial Reporting Standards require goodwill to be frozen as at the date of transition to IFRS, 1 August 2006, and to be subject to review for impairment rather than regular amortisation. Previously amortised amounts in the UK GAAP accounts for the year ended 31 July 2007 of £8,000 have been reversed in the IFRS income statement. The effect of the transition on the balance sheet is shown above.

THE WEATHER LOTTERY PLC
PARENT COMPANY BALANCE SHEET
As at 31 July 2008

	Note	2008 £'000	2007 £'000
Fixed assets			
Investments	III	<u>14</u>	<u>14</u>
Current assets			
Debtors	IV	12	279
Cash at bank and in hand		<u>5</u>	<u>7</u>
		17	286
Creditors: Amounts falling due within one year	V	<u>(38)</u>	<u>(23)</u>
Net current assets		<u>(21)</u>	<u>263</u>
Total assets less current liabilities		(7)	277
Provisions for liabilities		<u>-</u>	<u>-</u>
Net assets		<u>(7)</u>	<u>277</u>
Capital and Reserves			
Share capital	VI	83	83
Share premium	VI	302	302
Profit and loss account	VII	<u>(392)</u>	<u>(108)</u>
Equity shareholders' funds		<u>(7)</u>	<u>277</u>

The Financial Statements were approved by the Board of Directors and authorised for issue on 28 January 2009. They were signed on its behalf by:

K G Milhench
Director

THE WEATHER LOTTERY PLC
NOTES TO PARENT COMPANY FINANCIAL STATEMENTS
For the year ended 31 July 2008

I. Accounting Policies

There are no material differences between the accounting policies of the Group except as detailed below:

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

The separate Financial Statements of the Company are presented as required by the Companies Act 1985. As permitted by that Act, the separate Financial Statements have been prepared in accordance with United Kingdom accounting standards.

The Company's financial risk management policies are disclosed in the consolidated financial statements.

II. Operating profit

The auditors' remuneration for audit and other services is disclosed in note 6 of the consolidated financial statements.

In the current and previous year the company had no employees other than the Directors, who are all remunerated via the company's subsidiary companies.

As disclosed in note 28 of the consolidated financial statements, after the year end the company waived £244,000 owed to it from Lottery Service Providers Limited and hence this has been provided for as a bad debt within the year ended 31 July 2008.

III. Investments

The company's investments consist of investments in subsidiaries of £14,000 (2007: £14,000).

Details of the Company's subsidiaries at 31 July 2008 can be found in Note 14 of the attached consolidated Financial Statements.

	2008	<i>2007</i>
Cost and net book value of Shares in subsidiary undertakings	£'000	<i>£'000</i>
Cost		
As at 1 August	14	<i>14</i>
Additions	-	-
	<hr/>	<hr/>
At 31 July	14	<i>14</i>
	<hr/> <hr/>	<hr/> <hr/>

THE WEATHER LOTTERY PLC
NOTES TO PARENT COMPANY FINANCIAL STATEMENTS
For the year ended 31 July 2008

IV. Debtors

	2008	<i>2007</i>
	£'000	<i>£'000</i>
Amounts due from subsidiary undertakings	-	246
Other debtors	4	24
Prepayments and accrued income	<u>8</u>	<u>9</u>
	<u>12</u>	<u><i>279</i></u>

V. Creditors: amounts falling due within one year

	2008	<i>2007</i>
	£'000	<i>£'000</i>
Trade creditors	30	<i>15</i>
Accruals and deferred income	<u>8</u>	<u><i>8</i></u>
	<u>38</u>	<u><i>23</i></u>

VI. Share capital, share premium account and other reserve

The movements on share capital and share premium are disclosed in notes 21 and 22 to the consolidated financial statements.

VII. Profit and loss reserves

	2008	<i>2007</i>
	£'000	<i>£'000</i>
Balance at 1 August	(108)	<i>(27)</i>
(Loss) for the year	(284)	<i>(81)</i>
	<u> </u>	<u> </u>
Balance at 31 July	<u>(392)</u>	<u><i>(108)</i></u>

VIII. Controlling party

The shareholdings are such that the Directors are unable to establish whether there is a controlling party.