



THE WEATHER LOTTERY PLC

('TWL or the 'Company')

Trading Update

5 December 2011

TWL, the lottery and gaming company, wishes to update the market on its second half trading in respect of its year ended 31 July 2011. Audited results for the period are expected to be announced towards the end of December. The Company expects that these will show, subject to audit, pretax losses of approximately £740,000, compared to losses in the first half of £321,000 and for the full year 2009/10 of £77,000.

As announced on 25 November 2011, the upgrade in the Company's five-a-side facility at the Harvey Hadden Sports Complex in Nottingham, acquired in June 2011, has been delayed and during the period from acquisition to 31 July traded at approximately breakeven.

Losses at FC Betz amounting to £267,000 in the first half year, including expensed sponsorship costs of £177,000 and operating losses of £90,000, were considerably reduced in the second half and are now expected to amount to approximately £400,000 for the full year, with club sponsorship expenses now eliminated and consultancy costs significantly reduced. The Company has continued to operate the site but at a much reduced level at a break-even or small loss level month on month. The Board does not consider FC Betz to be part of the future of the business and is seeking ways to dispose of it and its assets and database as soon as possible.

The core lottery business is expected to report a small profit for the year, despite expenses relating to the fraud committed by former director Keith Millhench exceeding £100,000 for the year. This is a moderate increase over the amounts provided in the first half, with legal fees associated with the police investigation continuing until the case was concluded in late October 2011. As announced on 20 June, contract renegotiations have improved profitability during the last quarter of the Company's financial year. The Company was granted confiscation orders by the court against Millhench and one other which together with an existing charge over shares held by Millhench amounts in value to approximately £40,000. The extent to which this sum is recoverable remains uncertain.

At the Company's Devilfish Poker subsidiary, losses for the period from acquisition in December 2010 to 31 July 2011 are expected to be approximately £150,000. These include exceptional losses within the casino operation referred to in the Company's June update of approximately £35,000. A renegotiation of supplier contracts with effect from 1 September 2011 should significantly improve the results of the operation from that time.

Head office costs for the year amounted to approximately £200,000.

For further information contact

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