

REGISTERED NUMBER: 04458947 (England and Wales)

**BOXHILL TECHNOLOGIES PLC
(FORMERLY THE WEATHER LOTTERY PLC)**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2013**

BOXHILL TECHNOLOGIES PLC

COMPANY INFORMATION

| | |
|---|--|
| DIRECTORS | Lord E T Razzall A J A Flitcroft P I Jackson K N Dale |
| SECRETARY | J M Botros |
| COMPANY NUMBER | 04458947 |
| REGISTERED OFFICE | 21 Knightsbridge London SW1X 7LY |
| NOMINATED ADVISERS AND BROKERS | Allenby Capital Limited 3 St Helens Place London EC3A 6AB |
| AUDITORS | Hart Shaw LLP Europa Link Sheffield Business Park Sheffield S9 1XU |
| SOLICITORS | Harrison Clark Rickerbys 5 Deansway Worcester WR1 2JG Freeth Cartwright LLP One Heddon Street Mayfair London W1B 4BD |
| REGISTRARS | SLC Registrars Limited 42-46 High Street Esher Surrey KT10 9QY |
| PRINCIPAL BANKERS | Lloyds TSB Bank plc 134 High Street Stourbridge West Midlands DY8 1DS |

BOXHILL TECHNOLOGIES PLC

CONTENTS

| | Page |
|--|------|
| FINANCIAL STATEMENTS | |
| Chairman's Statement | 3 |
| Directors' Report | 5 |
| Independent Auditor's Report | 13 |
| Consolidated Income Statement | 15 |
| Consolidated Statement of Financial Position | 16 |
| Consolidated Statement of Changes in Equity | 17 |
| Consolidated Cash Flow Statement | 18 |
| Notes to the Consolidated Financial Statements | 20 |
| Parent Company Balance Sheet | 43 |
| Notes to the Parent Company Balance Sheet | 44 |

BOXHILL TECHNOLOGIES PLC

CHAIRMAN'S STATEMENT For the year ended 31 July 2013

Operating and Financial Review

2013 has been a transitional year, not just in name but in the fundamental outlook for the Company. The change of name from The Weather Lottery PLC to Boxhill Technologies PLC reflects a confident move into new areas of business, principally ecommerce and online transactions; further the new board has made some bold moves, in closing subsidiaries that had little chance of generating meaningful revenues.

In my review of the half-year figures to 31 January 2013 the Company made losses of £88,000 (EBITDA £41,000). Whilst these were a considerable improvement on the previous very difficult year I pointed out that they included a number of legacy problems from the past and I hoped the second half would show much improvement. I am pleased to report that the operating loss before exceptional items for the full year has been cut to £34,000 against £291,000 in the year ending 31 July 2012. There is often an unavoidable impact of closing businesses and in this case resulting in an exceptional loss of £382,000 through the write down of tangible and intangible assets. Therefore in summary:

- Operating loss before exceptional items £(34,000)
- Impairment of tangible and intangible assets £382,000
- Group loss before interest £(416,000)
- Interest payable £22,000
- Loss from ordinary activities £(438,000)

These improved underlying figures represent the continuing hard work in settling losses from the gambling sector, the focus on improving the cash position of the company and improving the balance sheet as a foundation for expanding the business into new areas.

The Board saw a few changes during the year – with Phil Jackson joining in May 2013 and Kevin Dale joining after the year end. At an operating level, Jeff Williams left the organisation in June 2013 and David Griffiths became General Manager of the lottery in November 2013. The company will make further appointments to the Board in due course, with a particular view to add experienced non-executives.

The Weather Lottery has seen change itself – with a new team at the helm, revised website, a new ability to join online, and improved services for the hundreds of societies and good causes it serves. The Weather Lottery has now raised over £5 million for good causes, a significant amount of money, often providing much needed income for very small localized charities and societies who sometimes don't have access to the large marketing budgets of bigger charities and societies. Small societies are not the only customers, and the team has been working closely with the Liberal Democrat Party with an innovative new scheme to aid fund raising at local levels – we hope this new approach will be adopted across other national societies which have a localized presence.

The site operated by Soccerdome Limited remains closed and we are working with Nottingham Council on proposals for the development of the site in conjunction with the broader development of the surrounding Harvey Hadden Sports Complex. We believe that the site would make an attractive investment opportunity for either an existing five-a-side operator or an entrepreneur wishing to enter into the sport and leisure arena. The whole development is expected to complete in 2015.

BOXHILL TECHNOLOGIES PLC

CHAIRMAN'S STATEMENT
For the year ended 31 July 2013

The Board has concluded that The Gambling Division lacked the critical mass required to make significant returns. Activity in FC Betz has now ceased following a final wind down of operations and Devil Fish Poker was sold to Jeff Williams after the year end.

Current contracted business through the payments division continues to grow healthily; we have added a number of clients for whom we are processing payments both in the UK and across Europe. Our customers range from claims management companies, gaming and entertainment operators and resellers of services such as visa applications and congestion charges. Estimated revenues (based on seven live and seven yet to go live but signed contracts) for the final quarter of the current financial year are expected to generate circa £175,000 to £250,000 in profit (EBIT), moving the company comfortably into long term profitability.

This year has therefore seen significant changes – the lottery business is much improved from an operational point of view and winning new, as well as reinvigorating existing, customers continue to be the focus for the lottery team. The entry into ecommerce services perhaps best represents the future of the company, with existing and proposed products ranging from internet payment services provision to managing ewallet and physical and virtual prepaid services moving the company into profitability. With an improving balance sheet, new products and services the group is strongly placed to build upon these foundations and the Board continue to look for new profit sources to give much needed shareholder value, which if achieved as expected will no doubt be the most welcome change we will see in the coming twelve months.

Lord E T Razzall
Chairman

Date 20 December 2013

BOXHILL TECHNOLOGIES PLC

DIRECTORS' REPORT For the year ended 31 July 2013

The Directors present their Report and the annual Financial Statements for the year ended 31 July 2013.

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 and payment processing products. During the year the Group ceased to operate its search engine operation and closed its floodlit football astro turf pitches although it still holds the lease of land at the site. In addition during the year the Group ceased to operate part of its online gaming activities and in September 2013 disposed of its remaining online gaming subsidiary.

Business review and future developments

Boxhill Technologies Plc (formerly The Weather Lottery Plc) principal activity is that of lottery administrators and following an acquisition on 23 May 2013 provides payment processing products. A review of these activities, future developments and principal risks is provided in the Chairman's Statement and the Principal risks and uncertainties section.

Financial key performance indicators ("KPI's")

The key performance indicators reviewed by the Group Board are as follows:

- Turnover
- Operating profit
- Profit before taxation
- Rolling cash flow forecasts

These indicators are reviewed by the Group Board at least once a month. Explanations are sought and given for any material variances and the management are required to provide plans to recover any performance failures as they occur during the year.

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.

BOXHILL TECHNOLOGIES PLC

DIRECTORS' REPORT For the year ended 31 July 2013

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, a continuation of the 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 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 Group, which will potentially enable them to gain market share at the expense of the Group.

Acquisitions

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.

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.

As required by section 656 of the Companies Act 2006, the Directors are required to point out that the net assets of the Company are less than 50% of the aggregate of share capital and the share premium account. At the Company's 2014 AGM the Board will discuss this issue and the actions being taken to rectify.

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.

Market developments

BOXHILL TECHNOLOGIES PLC

DIRECTORS' REPORT
For the year ended 31 July 2013

Any failure to expand the Group's service offering in response to customer demand and/or industry developments may have an adverse effect on the Group's financial performance and prospects.

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.

As required by section 656 of the Companies Act 2006, the Directors are required to point out that the net assets of the Company are less than 50% of the aggregate of share capital and the share premium account. The Board will discuss at the AGM the ways that it seeks to rectify this position in the near future.

Financial risk management

The Group's financial risk management policies are disclosed in the accounting policies and note 20 within the financial statements.

Dividends

The Directors do not recommend a dividend for the year (2012: £nil).

Directors

The following Directors held office during the financial year ended 31 July 2013:

Lord E T Razzall
A J A Flitcroft
P I Jackson Appointed 23 May 2013

The following directors were appointed after the year ended 31 July 2013 but before signing of this report:

K N Dale Appointed 13 September 2013

BOXHILL TECHNOLOGIES PLC

DIRECTORS' REPORT For the year ended 31 July 2013

Directors' interests in shares and warrants

The Directors who held office at 31 July 2013 had the following interests in the shares of the Company, including family interests:

| | Ordinary shares of 0.1p each | |
|------------------|------------------------------|---|
| | <i>At 31 July 2013</i> | <i>At 31 July 2012 (or date of appointment, if later)</i> |
| Lord E T Razzall | 34,965,986 | 20,000,000 |
| A J A Flitcroft | 13,605,442 | Nil |
| P I Jackson | Nil | Nil |

The following share options have been issued to the Directors of the Company, none were exercised in the year to 31 July 2013 and all were still held at the year end:

| | <i>Number</i> | <i>Exercise price</i> | <i>Exercise period</i> |
|------------------|---------------|-----------------------|---------------------------|
| Lord E T Razzall | 3,200,000 | 0.75p – 1.25p | 8 June 2010 – 2 June 2017 |

Further details of these options are given in notes 25 and 28 to the Financial Statements.

Directors' Remuneration

In accordance with AIM Rule 19, the remuneration of the Directors, who served during the year is detailed below:

| | <i>Salary, fees & Benefits in kind</i> | <i>Bonus</i> | <i>Pension contributions</i> | <i>Total</i> |
|--|--|--------------|----------------------------------|--------------|
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Lord E T Razzall | 20 | - | - | 20 |
| A J A Flitcroft | 23 | - | - | 23 |
| P I Jackson (Appointed 23 May 2013) | - | - | - | - |

BOXHILL TECHNOLOGIES PLC

DIRECTORS' REPORT
For the year ended 31 July 2013

Substantial shareholdings

The Company has been notified of the following substantial holdings of ordinary 0.1p shares as at 3 December 2013.

| | <i>Percentage Holding</i> | <i>No. of shares</i> |
|----------------|-------------------------------|--------------------------|
| K Dale | 28.82% | 324,895,331 |
| J Rose | 21.00% | 236,656,580 |
| Lord T Razzall | 7.18% | 80,965,986 |
| J M Botros | 3.89% | 43,903,058 |

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

Capital Structure

Details of the issued share capital are shown in note 23. There are no special restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restriction on the transfer of securities or on voting rights. No one has any special rights of control over the Company's share capital and all issued shares are fully paid.

Under its Articles of Association, the company has authority to issue the amount of shares shown in note 23.

Donations

Charitable and political donations made by the Group during the year amounted to £nil (2012: £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 2013, the Group had an average of 113 days (2012: 95 days) of purchases outstanding in trade creditors.

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.

BOXHILL TECHNOLOGIES PLC

DIRECTORS' REPORT For the year ended 31 July 2013

The Group does have some exposure to current economic conditions which have the potential to impact annual revenues. To date the economic downturn has marginally reduced Group revenue on its principal lottery operations in the period. The Directors are confident that the Group has sufficient resources and support to ensure that the profit and cash generation derived from future trading are sufficient to meet the Group's future 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.

Environment policies

The Group is always seeking ways to improve its consumption of resources and ways to protect the environment.

Employee policies

The Group places considerable value on the involvement of the employees and keeps them informed on matters affecting them as employees and on relevant matters affecting the performance of the Group.

The Group's employment policies include a commitment to equal opportunities regardless of sex, age, race, sexual orientation or ethnic origin.

The Group's policy is to give full and fair consideration to applications for employment made by disabled persons, bearing in mind the respective aptitudes of the applicants concerned. In the event of staff becoming disabled every effort would be made to ensure their continued employment within the Group and to provide specialised training where appropriate.

Information to shareholders

The Group has its own website (www.boxhillplc.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 Corporate Governance Code in 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 A J A Flitcroft, Finance Director. It has primary responsibility for monitoring the quality of internal control and ensuring the financial performance of the Group is properly measured and reported on and for reviewing reports from the Group's auditors relating to its accounting and internal controls. In all cases due regard is given to the interests of the shareholders. It also determines the terms and conditions of service of the executive Directors, including their remuneration and grant of options.

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.

BOXHILL TECHNOLOGIES PLC

DIRECTORS' REPORT **For the year ended 31 July 2013**

Relations with shareholders

The Chairman 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.

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 2006 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.

BOXHILL TECHNOLOGIES PLC

DIRECTORS' REPORT
For the year ended 31 July 2013

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.

P I Jackson
Director

20 December 2013

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

BOXHILL TECHNOLOGIES PLC For the year ended 31 July 2013

We have audited the financial statements of Boxhill Technologies Limited for the year ended 31 July 2013 which comprise the Consolidated Income Statement, the Consolidated Statement of Financial Position and Parent Company Balance Sheet, 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 (IFRS's) 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 11), 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 and express an opinion on 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. In addition we read all the financial and non-financial information in the Chairman's Statement and Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2013 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

BOXHILL TECHNOLOGIES PLC
For the year ended 31 July 2013

Separate opinion in relation to IFRS's as issued by the IASB

As explained in note 2 to the group financial statements, the group in addition to complying with its legal obligation to apply IFRS's as adopted by the European Union, has also applied IFRS's as issued by the International Accounting Standards Board (IASB).

In our opinion the group financial statements comply with IFRS's as issued by the IASB.

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. Our responsibilities do not extend to any other information.

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 group and 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.

Paul Dawson (Senior Statutory Auditor)
for and on behalf of Hart Shaw LLP
Chartered Accountants and Business Advisers

Europa Link
Sheffield Business Park
Sheffield
South Yorkshire
S9 1XU
Date: 20 December 2013

BOXHILL TECHNOLOGIES PLC
CONSOLIDATED INCOME STATEMENT
For the year ended 31 July 2013

| | Note | 2013 £'000 | 2012 £'000 |
|--|-----------|---------------|---------------|
| Revenue | | 1,271 | <i>1,142</i> |
| Cost of sales | | (836) | <i>(723)</i> |
| Gross profit | | 435 | <i>419</i> |
| Administrative expenses | 6 | (469) | <i>(705)</i> |
| Operating loss before exceptional items | | (34) | <i>(286)</i> |
| Impairment of intangible assets | | (309) | - |
| Impairment of tangible assets | | (73) | - |
| Loss before interest | | (416) | <i>(286)</i> |
| Finance income | 9 | - | - |
| Finance costs | 9 | (22) | <i>(5)</i> |
| Loss before taxation | | (438) | <i>(291)</i> |
| Income tax expense | 10 | - | - |
| Loss | | (438) | <i>(291)</i> |
| PROFIT/(LOSS) PER SHARE | | | |
| Basic profit/(loss) per ordinary share | 11 | (0.06) | <i>(0.07)</i> |
| Diluted profit/(loss) per ordinary share | 11 | (0.05) | <i>(0.06)</i> |

All of the (loss) for the period is attributable to equity holders of the parent company. The Group has no recognised gains or losses for the year other than the loss for the current year.

BOXHILL TECHNOLOGIES PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the year ended 31 July 2013

| | Note | 2013 £'000 | 2012 £'000 |
|--|------|---------------|---------------|
| ASSETS | | | |
| Non current assets | | | |
| Property, plant and equipment | 14 | 378 | 476 |
| Goodwill | 12 | 505 | 467 |
| Other intangible assets | 13 | 34 | 44 |
| Total non current assets | | 917 | 987 |
| Current assets | | | |
| Inventories | 16 | 2 | 2 |
| Trade and other receivables | 17 | 120 | 101 |
| Cash and cash equivalents | 17 | 256 | 18 |
| Total current assets | | 378 | 121 |
| Total assets | | 1,295 | 1,108 |
| Current liabilities | | | |
| Trade and other payables | 20 | 711 | 805 |
| Bank and other borrowings | 18 | 287 | 37 |
| Current tax payable | | - | - |
| Total current liabilities | | 998 | 842 |
| Non-current liabilities | | | |
| Trade and other payables | | - | 40 |
| Bank and other borrowings | 18 | 14 | - |
| Deferred tax provision | 22 | - | - |
| Total non-current liabilities | | 14 | 40 |
| Total liabilities | | 1,012 | 882 |
| Net assets | | 283 | 226 |
| EQUITY | | | |
| Share capital | 23 | 795 | 442 |
| Share premium account | 24 | 1,463 | 1,321 |
| Retained earnings | 24 | (1,975) | (1,537) |
| Equity attributable to equity holders of the parent | | 283 | 226 |

The financial statements were approved by the Board of Directors and authorised for issue on 20 December 2013. They were signed on its behalf by:

P I Jackson
Director

BOXHILL TECHNOLOGIES PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 July 2013

| | Called up share capital | Share premium account | Retained Earnings | Total Equity |
|-------------------------------------|----------------------------|--------------------------|----------------------|--------------|
| | £'000 | £'000 | £'000 | £'000 |
| Balance 31 July 2011 | 380 | 1,233 | (1,246) | 367 |
| (Loss) for the year | - | - | (291) | (291) |
| Shares issued in year less costs | 62 | 88 | - | 150 |
| Balance 31 July 2012 | 442 | 1,321 | (1,537) | 226 |
| Shares issued in year less costs | 353 | 142 | - | 495 |
| (Loss) for the year | - | - | (438) | (438) |
| Balance 31 July 2013 | 795 | 1,463 | (1,975) | 283 |

BOXHILL TECHNOLOGIES PLC

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 July 2013

| | Year ended 31 July 2013 £'000 | Year ended 31 July 2012 £'000 |
|--|-------------------------------------|-------------------------------------|
| Note | | |
| Profit / (Loss) for the year | (438) | (291) |
| Adjustment for: | | |
| Finance costs recognised in profit or loss | 22 | 5 |
| Depreciation and amortisation of non-current assets | 35 | 71 |
| Impairment of non-current assets | 382 | - |
| Expense recognised in respect of shares issued in exchange for consulting services | 109 | - |
| | 548 | |
| | 110 | (215) |
| Movement in working capital: | | |
| Decrease / (increase) in receivables | 59 | 109 |
| Increase / (decrease) in payables | (216) | (29) |
| | (157) | 80 |
| Cash generated from operations | (47) | (135) |
| Interest paid | (22) | (5) |
| Net cash generated / by operating activities | (69) | (140) |
| Cash flows from investing activities: | - | - |
| Payment for intangible assets | (1) | (11) |
| Net cash inflow on acquisition of subsidiary | 8 | - |
| Purchases of property, plant and equipment | - | (5) |
| | 7 | (16) |
| Net cash generated / (used in) investing activities | 7 | (16) |
| Cash flows from financing activities | | |
| Proceeds from issue of equity instruments of the company | 63 | |
| Payment for share issue costs | (27) | 150 |
| Proceeds from borrowings | 267 | - |
| Repayment of borrowings | (3) | (50) |
| | 300 | 100 |
| Net cash generated / (used in) financing activities | 300 | 100 |
| Net increase/(decrease) in cash and cash equivalents | 238 | (56) |

BOXHILL TECHNOLOGIES PLC

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 July 2013

| | | | |
|--|----|------------|-----------|
| Cash and cash equivalents at 1 August 2012 | | 18 | <i>74</i> |
| Cash and cash equivalents at 31 July 2013 | | 256 | <i>18</i> |
| Comprising of: | | | |
| Cash and cash equivalents per the balance sheet | | 256 | <i>18</i> |
| Less: | | | |
| Bank overdraft | | - | - |
| Cash and cash equivalents for cash flow statement purposes | 27 | 256 | <i>18</i> |

As described in the accounting policies, bank overdrafts and borrowings 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.

BOXHILL TECHNOLOGIES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31 July 2013

1. General Information

Boxhill Technologies Plc is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is 21 Knightsbridge, London, SW1X 7LY. 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 August 2012.

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:

IAS 19 – Employee Benefits

IAS 27 – Consolidated and separate financial statements (revised)

IAS 28 – Investments in associates and joint ventures (revised)

IFRS 9 – Financial instruments (revised 2010)

IFRS 10 – Consolidated financial statements

IFRS 11 – Joint arrangements

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 13 – Fair Value Measurement

These Standards and Interpretations are not expected to have any significant impact on the Group's Financial Statements in their periods of initial application.

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 2013, 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

BOXHILL TECHNOLOGIES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31 July 2013

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:

Going concern

The financial statements have been prepared on a going concern basis notwithstanding a loss for the financial year of £438,000.

The Directors’ cashflow forecasts indicate that the Group will be able to operate within its existing bank facilities in the future. As with any business, there are uncertainties in the forecast, but as at the date of approval of these financial statements the Directors are unaware of any indications that would suggest inappropriate assumptions have been made in relation to trading volumes. As a result of these, the Directors are of the opinion that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements. The financial statements do not include any adjustments which would result from this basis of preparation being inappropriate.

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.

Business Combinations

The purchase method of accounting is used for all acquired businesses as defined by IFRS 3 - 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 consideration plus directly attributable costs of acquisition over the net fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiaries acquired. Where fair values are estimated on a provisional basis they are finalised within 12 months of acquisition with consequent changes to the amount of goodwill.

BOXHILL TECHNOLOGIES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 July 2013

Intangible assets

Identifiable intangible assets acquired as part of a business combination are initially recognised separately from goodwill if the assets fair value can be measured reliably, irrespective of whether the asset had been recognised by the acquirer before the business combination was affected. 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.

Intangible assets relate to the development of the lottery and on-line gaming (software and related costs). It is considered that the software has a finite useful life and amortisation has been calculated so as to write off the carrying value of it over its useful economic life of 5 years.

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 at the date of acquisition. Goodwill is initially 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.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication of impairment. The amount of the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Negative goodwill arising on consolidation is credited to the income statement where the Directors consider that the fair value of the assets is reliable and do not need adjustment and that the negative goodwill relates to a true bargain purchase.

Revenue recognition

Lottery 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. Online gaming turnover represents commission earned on game plays. Football pitch turnover represents cash takings received. Payment processing turnover is recognised when transactions are processed.

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.

BOXHILL TECHNOLOGIES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 July 2013

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

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Useful lives are reviewed annually by the Directors.

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:

Property - 5% per annum
Fixtures, fittings and equipment - 25% per annum

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. Where there is evidence of impairment, fixed assets are written down to their recoverable amount.

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.

BOXHILL TECHNOLOGIES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 July 2013

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.

Share based payments

Other than for business combinations, the only share based payments of the Group are equity settled share options and certain liability settlements. The Group has applied the requirements of IFRS 2 Share-based Payments.

For share options granted an option pricing model is used to estimate the fair value of each option at grant date. That fair value is charged on a straight line basis as an expense in the income statement over the period that the holder becomes unconditionally entitled to the options (vesting period), with a corresponding increase in equity.

For shares issued in settlement of fees and/or liabilities, the Directors estimate the fair value of the shares at issue date and that value is charged on a straight line basis as an expense in the income statement (for fees) or reduction in the balance sheet liability (for liabilities) with a corresponding increase in equity.

BOXHILL TECHNOLOGIES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31 July 2013

Inventories

Inventories are stated at the lower of cost and net recognised value. Cost comprises direct materials using the first in first out (FIFO) basis. Net recognised value represents the estimated selling price less estimated costs of completion, marketing and selling.

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.

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.

BOXHILL TECHNOLOGIES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 July 2013

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.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of cash generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

Share-based payments

Share-based payments are measured at grant date fair value. For share options granted to employees, in many cases market prices are not available and therefore the fair value of the options granted shall be estimated by applying an option pricing model. Such models need input data such as expected volatility of share price, expected dividends or the risk-free interest rate for the life of the option. The overall objective is to approximate the expectations that would be reflected in a current market price or negotiated exchange price for the option. Such assumptions are subject to judgements and may turn out to be significantly different to expected.

BOXHILL TECHNOLOGIES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 July 2013

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 now has four business segments, namely that of lottery administration, on-line gaming, IT facilities and astro-turf football pitches. The Group operates solely in one geographical area, the United Kingdom.

The Directors consider that none of the operations are classed as Discontinued and hence all operations are considered to be Continuing throughout the period. Since the year end the online gaming segment has discontinued following the sale of Devil Fish Poker Limited.

The analysis of operations per segment for the year ended 31 July 2013 is as follows:

| | Lottery | On-line Gaming | IT Facilities | Football Pitches | Unallocated | Group total |
|-----------------------------------|----------------|---------------------------|----------------------|-----------------------------|--------------------|--------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Revenue | 798 | 35 | 394 | 44 | - | 1,271 |
| Amortisation | - | 10 | - | - | - | 10 |
| Depreciation | - | - | - | 24 | 1 | 25 |
| Impairment | - | 309 | - | 73 | - | 382 |
| Operating profit/(loss) | (30) | (255) | 35 | (55) | (111) | (416) |
| Finance costs | - | - | - | - | (22) | (22) |
| Profit/(loss) before tax | (30) | (255) | 35 | (55) | (133) | (438) |
| Tax charge | - | - | - | - | - | - |
| Profit/(loss) for the year | (30) | (255) | 35 | (55) | (133) | (438) |
| Balance sheet | | | | | | |
| Total assets | 254 | 11 | 124 | 378 | 528 | 1,295 |
| Non current asset additions | - | - | - | - | - | - |
| Total liabilities | 349 | 13 | 351 | 12 | 287 | 1,012 |

BOXHILL TECHNOLOGIES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 July 2013

5. Segment analysis (continued)

The following table analyses assets and liabilities not allocated to business segments as at 31 July 2013:

| | £'000 |
|---------------------------|-------|
| Assets | |
| Intangible fixed assets | 18 |
| Tangible fixed assets | - |
| Investments | 488 |
| Other receivables | 22 |
| Cash and cash equivalents | - |
| | 528 |
| Liabilities | |
| Trade and other payables | 273 |
| Borrowings | 14 |
| | 287 |

6. Expenses

The following material expenses are included in cost of sales:

| | 2013 | <i>2012</i> |
|---------------------------------|--------------|--------------|
| | £'000 | <i>£'000</i> |
| Revenue Share | - | 91 |
| Processing and Transaction Fees | - | 32 |
| Fees to Clients | 664 | 389 |
| Prizes Payable | 129 | 111 |
| Player Rake Back | 5 | 28 |

The following material expenses are included in administrative expenses:

| | 2013 | <i>2012</i> |
|-----------------------|--------------|--------------|
| | £'000 | <i>£'000</i> |
| Consultancy fees | 52 | 190 |
| Office rent and rates | 50 | 37 |
| Hotel and travel | 42 | 25 |
| Professional fees | 84 | 80 |
| Bank charges | 12 | 34 |

BOXHILL TECHNOLOGIES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 July 2013

7. Operating (loss)

Operating loss has been stated after charging/(crediting) the following:

| | 2013 | <i>2012</i> |
|---|--------------|--------------|
| | £'000 | <i>£'000</i> |
| Impairment of goodwill in period | 309 | - |
| Impairment of short term lease | 73 | - |
| Amortisation of intangible fixed assets | 10 | 40 |
| Depreciation of tangible fixed assets | 25 | 32 |
| Operating lease charges | 16 | 37 |
| Auditors' remuneration – Audit services to the parent company | 6 | 1 |
| Auditors' remuneration – Audit services to the Group | 11 | 10 |
| | | |
| Auditors' remuneration – Taxation services | 2 | 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 £1,272,000 (2012 - £196,000).

8. Personnel costs

| | 2013 | <i>2012</i> |
|---|--------------|--------------|
| The average monthly number of employees (including executive and non executive Directors) was | No. | <i>No.</i> |
| | 10 | 7 |
| | | |
| The split of employees by function within the Group is as follows: | No. | <i>No.</i> |
| Administration and Sales | 5 | 3 |
| Management | 5 | 4 |
| | | |
| Total | 10 | 7 |
| | | |
| Their aggregate remuneration comprised | 2013 | <i>2012</i> |
| | £'000 | <i>£'000</i> |
| Wages and salaries | 75 | 80 |
| Social security costs | 11 | 9 |
| Sums paid to third parties for services | 23 | 64 |
| | | |
| | 109 | 153 |

BOXHILL TECHNOLOGIES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 July 2013

8. Personnel costs (continued)

| | | |
|--|--------------|--------------|
| Directors' emoluments | £'000 | <i>£'000</i> |
| Emoluments | 23 | <i>24</i> |
| Sums paid to third parties for director services | 20 | <i>64</i> |
| | 43 | <i>88</i> |
| Number of Directors accruing benefits under money purchase schemes | No. | <i>No.</i> |
| | - | - |
| Aggregate emoluments of highest paid Director | 23 | <i>31</i> |

Included within Directors' emoluments is £20,000 (2012 - £64,000) paid to directors via related companies, as detailed in note 28. All of the Directors' emoluments relate to short-term employee benefits

9. Finance income and costs

| | | |
|-----------------|--------------|--------------|
| | 2013 | <i>2012</i> |
| | £'000 | <i>£'000</i> |
| Finance income | - | - |
| Finance charges | 22 | <i>5</i> |

10. Income taxes

| | | |
|--------------------------------------|--------------|--------------|
| | 2013 | <i>2012</i> |
| | £'000 | <i>£'000</i> |
| Current: | | |
| Current tax for the year | - | - |
| Total current tax charge | - | - |
| Deferred tax credit (note 22) | - | - |
| Total income taxes | - | - |

BOXHILL TECHNOLOGIES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 July 2013

10. Income taxes (continued)

Tax rate reconciliation

| | 2013 | <i>2012</i> |
|---|---------------------|---------------------|
| | £'000 | <i>£'000</i> |
| Profit/(Loss) for the year | <u>(438)</u> | <u><i>(291)</i></u> |
| Corporation tax charge thereon at 20% | (88) | <i>(58)</i> |
| Adjusted for the effects of: | | |
| Disallowed net expenses/(income) for tax purposes | 77 | <i>(25)</i> |
| Depreciation in excess of capital allowances | 7 | <i>26</i> |
| Taxable losses and excess charges carried forward | 4 | <i>57</i> |
| Income tax expense for the year | <u>-</u> | <u><i>-</i></u> |

11. 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:

| | 2013 | <i>2012</i> |
|---|---------------------------|---------------------------|
| Numerator: earnings attributable to equity (£'000) | (438) | <i>(291)</i> |
| Denominator: weighted average number of equity shares (No.) | <u>468,094,865</u> | <u><i>404,312,311</i></u> |

In June 2010 the Company issued 24 million options to subscribe for Ordinary shares of 0.1p each. At the year end 8.1 million options were outstanding. None of these options were exercised in either the prior or the current period, but had they been they would have increased the weighted average number of equity shares to 476,194,865 (2012 – 428,312,311) and this amount is used in the calculation of diluted earnings per share.

12. Goodwill

| | £'000 |
|-----------------|---------------------|
| At 31 July 2012 | 467 |
| Additions | 347 |
| Impairment | <u>(309)</u> |
| At 31 July 2013 | <u>505</u> |

BOXHILL TECHNOLOGIES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 July 2013

12. Goodwill (continued)

The Group carried out an impairment test of goodwill for the period ended 31 July 2013 as required by IFRS. The Directors consider there to be four cash-generating units, as per note 5. During the period impairment of the on-line gaming and football pitches cash-generating units have been impaired.

Included within goodwill is an amount relating to the subsidiaries Prize Provision Services Limited and Poseve Limited. The carrying amount for goodwill for these respective subsidiaries is £158,000 and £330,000 respectively.

The principal assumptions made (in both 2013 and 2012) in determining the value in use of the cash-generating unit were:

- Basis on which recoverable amount determined – value in use;
- Period covered by management plans used in calculation – 1 year;
- Pre-tax discount rate applied to cashflow projection – 5%;
- Growth rate used to extrapolate cashflows beyond management plan – 3%;
- Difference between above growth rate and long term rate for UK – 0.5%

The calculation of value in use shown above is most sensitive to the assumptions on discount rates and growth rates. The assumptions used are considered to be realistically achievable in light of economic and industry measures and forecasts. The Directors believe that any reasonable possible change in the key assumptions on which the recoverable amount is based would not cause its carrying amount to exceed its recoverable amount.

Whilst there can be no certainty that the forecasts used in the impairment calculation will be achieved, the carrying value of goodwill at 31 July 2013 reflects the Directors best estimate based on their knowledge of the business at 20 December 2013 and reflects all matters of which the Directors are aware as at the date of approval of these financial statements.

13. Other intangible assets

| | <i>Website and software design and development</i> | |
|-----------------------|--|---|
| | 2013 | <i>2012</i> |
| | £'000 | <i>£'000</i> |
| Cost | | |
| At 1 August 2012 | 258 | <i>247</i> |
| Additions | - | <i>11</i> |
| | <hr style="border-top: 1px dashed black;"/> | <hr style="border-top: 1px dashed black;"/> |
| At 31 July 2013 | 258 | <i>258</i> |
| | <hr style="border-top: 3px double black;"/> | <hr style="border-top: 3px double black;"/> |
| Amortisation | | |
| At 1 August 2012 | 214 | <i>174</i> |
| Charge for the year | 10 | <i>22</i> |
| Impairment | - | <i>18</i> |
| | <hr style="border-top: 1px dashed black;"/> | <hr style="border-top: 1px dashed black;"/> |
| At 31 July 2013 | 224 | <i>214</i> |
| | <hr style="border-top: 3px double black;"/> | <hr style="border-top: 3px double black;"/> |
| Net Book Value | | |
| At 31 July 2013 | 34 | <i>44</i> |
| | <hr style="border-top: 3px double black;"/> | <hr style="border-top: 3px double black;"/> |

BOXHILL TECHNOLOGIES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 July 2013

14. Property and office equipment

| | Land and buildings | Office equipment | Total 2013 £'000 |
|--------------------------|--------------------|------------------|------------------------|
| | £'000 | £'000 | £'000 |
| Cost or valuation | | | |
| At 1 August | 503 | 16 | 519 |
| Additions | - | - | - |
| At 31 July | 503 | 16 | 519 |
| Depreciation | | | |
| At 1 August | 28 | 15 | 43 |
| Charge for the year | 24 | 1 | 25 |
| Impairment | 73 | - | 73 |
| At 31 July | 125 | 16 | 141 |
| Net Book Value | | | |
| At 31 July 2013 | 378 | - | 378 |
| At 31 July 2012 | 475 | 1 | 476 |

15. Subsidiaries

Details of the company's subsidiaries at 31 July 2013 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 & voting power held</u> | <u>Holding</u> | <u>Principal activity</u> |
|---------------------------|-----------------------|---|---|-----------------|-------------------------------------|
| Prize Provision Services | 03152966 | England and Wales | 100% | Ordinary shares | Lottery provider |
| FC Betz Limited | 07304154 | England and Wales | 100% | Ordinary shares | Online gaming activities |
| Clicknow Holdings Limited | 05391900 | England and Wales | 100% | Ordinary shares | Dormant company |
| Devil Fish Poker Limited | 05529624 | England and Wales | 100% | Ordinary shares | Commission earned via website |
| Soccerdome Limited | 02948017 | England and Wales | 100% | Ordinary shares | Operates floodlit pitches |
| Click Now Limited | 05391900 | England and Wales | 100% | Ordinary shares | Operator of community search engine |
| Barrington Lewis Limited | 07190212 | England and Wales | 100% | Ordinary shares | Payment processing products |
| Poseve Limited | 126971C | Isle of Man | 100% | Ordinary shares | Non trading holding company |

BOXHILL TECHNOLOGIES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 July 2013

16. Inventories

| | 2013 | <i>2012</i> |
|----------------|--------------|--------------|
| | £'000 | <i>£'000</i> |
| Finished goods | 2 | <i>2</i> |
| | <hr/> <hr/> | <hr/> <hr/> |

17. Other financial assets

Trade and other receivables

| | 2013 | <i>2012</i> |
|--------------------------------|------------------------|------------------------|
| | £'000 | <i>£'000</i> |
| Trade receivables | 89 | <i>2</i> |
| Other receivables | 15 | <i>44</i> |
| Prepayments and accrued income | 16 | <i>55</i> |
| | <hr/> 120 <hr/> | <hr/> <i>101</i> <hr/> |
| | <hr/> <hr/> | <hr/> <hr/> |

The average credit period taken on all sales is 26 days for the year ended 31 July 2013, 1 day for the year ended 31 July 2012.

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. As at the year end date there were no receivables past due which were either not provided against nor not covered by set-off arrangements with trade payables.

The Directors consider that the carrying amount of the receivables approximates their fair value.

Cash and cash equivalents

| | 2013 | <i>2012</i> |
|---------------------------|--------------|--------------|
| | £'000 | <i>£'000</i> |
| Cash and cash equivalents | 256 | <i>18</i> |
| | <hr/> <hr/> | <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.

BOXHILL TECHNOLOGIES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 July 2013

18. Borrowings

Borrowings at 31 July 2013 include bank loans of £301,000 (2012 : £14,000). All of the loans are repayable on a fixed monthly repayment basis.

£14,000 of the borrowings are due for settlement after 12 months but within 5 years, with £287,000 being due for settlement within 12 months.

Included within borrowings is a loan of £250,000 which can be converted at any point to 31 December 2014, at the lenders discretion, into ordinary shares at a fixed sum of 0.11p per share to repay the outstanding loan and any additional interest and fees.

19. Derivatives financial instruments and hedge accounting

At 31 July 2013 and 2012 the Group had no derivatives in place for cash flow hedging purposes.

20. Other financial liabilities

Trade and other payables

| | 2013 | <i>2012</i> |
|---|--------------|--------------|
| | £'000 | <i>£'000</i> |
| Trade payables | 260 | <i>395</i> |
| Other payables | 401 | <i>349</i> |
| Accrued liabilities and deferred income | 50 | <i>101</i> |
| | 711 | <i>845</i> |
| Other payables comprise: | | |
| | £'000 | <i>£'000</i> |
| Social security and other taxes | 138 | <i>29</i> |
| Other | 263 | <i>320</i> |
| | 401 | <i>349</i> |
| Presented as: | | |
| - Current | - | <i>805</i> |
| - Non-current | 711 | <i>40</i> |
| | 711 | <i>845</i> |

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 average credit period taken for trade purchases is 113 days (2012 : 95 days).

BOXHILL TECHNOLOGIES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 July 2013

21. 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 18, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 23 to 24.

Gearing ratio

As at 31 July 2012 the Group gearing ratio was 8.4%. As at 31 July 2013 the gearing ratio is as follows:

| | £'000 |
|---------------------------|--------------|
| Debt | (301) |
| Cash and cash equivalents | 256 |
| Net Debt | (45) |
| <hr/> | |
| Equity | 283 |
| <hr/> | |
| Net debt to equity ratio | 15.9% |
| <hr/> | |

Debt is defined as long and short-term borrowings.

Equity includes all capital and reserves of the Group attributable to equity holders of the parent.

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 in the main recognised upon cash receipt, hence the amount of trade receivables is negligible.

BOXHILL TECHNOLOGIES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 July 2013

21. Financial instruments: information on financial risks (continued)

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's loans are on fixed rate interest rates and hence it is not exposed to risk on these should rates move.

22. Deferred taxation

A deferred tax asset has not been recognised in the years ended 31 July 2013 nor 31 July 2012 in respect of taxable losses carried forward of approximately £1,187,000 (2012 £1,166,000) as there is insufficient historic evidence that it will be recoverable in full 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.

23. Equity share capital

| | 2013 | <i>2012</i> |
|--|--------------|--------------|
| | £'000 | <i>£'000</i> |
| Allotted, called up and fully paid | | |
| 795,433,397 (2012: 441,627,159) Ordinary Shares of 0.1p each | 795 | <i>442</i> |

During the year the Company issued 0.1p Ordinary shares as follows:

- 236,656,580 shares issued at 0.1479p each on 30 May 2013 to J Rose in exchange for the entire share capital of Poseve Limited;
- 74,149,659 shares issued at 0.1479p each on 30 May 2013 to Allenby Capital Limited, A J A Flitcroft, J M Botros, Lord E T Razzall and J Williams to pay outstanding creditors.
- 42,999,999 shares issued at 0.1479p each on 30 May 2013 to new individual investors.

BOXHILL TECHNOLOGIES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 July 2013

24. Other reserves

| | Share premium | Profit and loss account |
|--------------------------|---------------|----------------------------|
| | £'000 | £'000 |
| At 1 August 2012 | 1,321 | (1,537) |
| Shares issued less costs | 142 | - |
| Result for the period | - | (438) |
| | - | (438) |
| At 31 July 2013 | 1,463 | (1,975) |

25. Share-based payments

Certain Directors and key management were issued with share options on 8 June 2010, exercisable immediately at a price fixed at the date of issue. If the options remain unexercised after a period of seven years from the date of grant the options expire.

Details of options granted to date and still outstanding at the end of the year are as follows:

| <i>Date of Grant</i> | 2013 | Exercise price | Exercise period |
|----------------------|----------------------|----------------|----------------------------|
| | No. £'000 | | |
| 8 June 2010 | 2,700,000 | 0.75p | 8 June 2010 to 2 June 2017 |
| 8 June 2010 | 2,700,000 | 1.0p | 8 June 2010 to 2 June 2017 |
| 8 June 2010 | 2,700,000 | 1.25p | 8 June 2010 to 2 June 2017 |

All of the above options were outstanding at the year end. The options had a weighted average exercise price of 1p and a remaining contractual life of 4.8 years. The Directors consider that the estimated fair values of the options at grant date was £nil due to the prevailing market price being lower than the exercise price. As the fair value is currently considered to be £nil, no amount has been recognised in either the income statement or in equity in respect of these options.

As detailed in note 23, during the year shares were issued to third parties as settlement for certain liabilities to the value of £109,000.

BOXHILL TECHNOLOGIES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 July 2013

26. Business combinations

Subsidiaries acquired

| | Principal activity | Date of acquisition | Proportion of voting interests acquired | Consideration transferred £'000 |
|----------------|-----------------------------|----------------------------|--|--|
| Poseve Limited | Non trading holding company | 22 May 2013 | 100% | 350 |

Consideration transferred

| | Poseve Limited £'000 |
|--------------------------------|---------------------------------|
| Shares issued as consideration | 350 |
| | <u>350</u> |

Assets acquired and liabilities recognised at the date of acquisition

| | Poseve Limited £'000 | Total £'000 |
|-----------------------------|---------------------------------|------------------------|
| Current assets | | |
| Cash and cash equivalents | 8 | 8 |
| Trade and other receivables | 78 | 78 |
| Non-current assets | | |
| Goodwill | 16 | 16 |
| Current liabilities | | |
| Trade and other payables | (82) | (82) |
| | <u>20</u> | <u>20</u> |

BOXHILL TECHNOLOGIES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 July 2013

27. Goodwill arising on acquisition

| | Poseve Limited £'000 | Total £'000 |
|--|-------------------------------------|------------------------|
| Consideration Transferred | 350 | 350 |
| Less: fair value of identifiable net assets acquired | 20 | 20 |
| Goodwill arising on acquisition | <u>330</u> | <u>330</u> |

Net cash inflow on acquisition

| | Year ended 31 July 2013 £'000 |
|--|--|
| Consideration paid in cash | - |
| Less: cash and cash equivalent balances acquired | (8) |
| | <u>(8)</u> |

28. Transactions with related parties

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

Lord E T Razzall

Lord E T Razzall, a director, charged the Group £19,500 (2012 £13,750) in the year, for directorship services provided, via an entity trading as R T Associates. At the year end R T Associates was owed £2,400 (2012 £1,600).

J M Botros

J M Botros, the Company Secretary, charged the Group £42,677 (2012 £80,000) in the year, for Company Secretarial and legal services provided. At the year end there was no balance outstanding (2012: £35,000).

A J A Flitcroft

A J A Flitcroft, a director charged the group £30,000 in the year for accountancy services. At the year end a balance of £26,530 was outstanding.

28. Transactions with related parties (continued)

J S Williams

J S Williams, a former director of the group, charged the Group £36,250 (2012: £51,250) in the year for his services provided, via FCBid Limited and interest of £7,200 on a loan he provided to the company. A balance of £60,000 was owed to the company (2012: (£13,023)) at the year end.

BOXHILL TECHNOLOGIES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 July 2013

Issue of Equity

On 30 May 2013 the Company issued the following ordinary 0.1p shares (“Shares”) in part settlement of fees due to Company personnel.

- The Right Honourable Lord E T Razzall CBE, Non-Executive Chairman, 14,965,986 Shares in settlement of £22,000 fees due.
- J M Botros, Company Secretary and Legal Adviser, 23,809,524 Shares in settlement of £35,000 fees due.
- J S Williams, General Manager, 14,965,986 Shares in settlement of £22,000 fees due.
- A Flitcroft, a director of the company 13,605,442 Shares in settlement of £20,000 fees due.

The new shares were issued at 0.147p per share, which was the 5 day average of the closing mid market price to 16 May 2013.

As referred to in Note 25, share options were granted in 2010 to Directors and key management, all of which were outstanding at the year end. The following options were held by the Directors and key management at the year end:

| | Options No. | Option details |
|------------------|--------------------|-----------------------|
| Lord E T Razzall | 3,200,000 | See A below |
| J M Botros | 4,800,000 | See B below |

A – 1,100,000 at 0.75p, 1,100,000 at 1p and 1,000,000 at 1.25p

B – 1,600,000 at 0.75p, 1,600,000 at 1p and 1,600,000 at 1.25p

All of the options are exercisable by 2 June 2017.

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is as referred to above, on page 8 within the Directors Report and in Note 7.

BOXHILL TECHNOLOGIES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31 July 2013

29. 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:

| | 2013 £'000 | 2012 £'000 |
|--|---------------|---------------|
| Land and buildings: | | |
| Within one year | - | - |
| In the second to fifth years inclusive | 16 | 16 |
| After five years | - | - |
| Other: | | |
| Within one year | - | - |
| In the second to fifth years inclusive | - | - |
| After five years | <u>16</u> | <u>16</u> |

Operating lease payments represent rentals payable by the Group for office premises. Leases are negotiated over the term considered most relevant to the individual subsidiary and rentals are fixed where possible for that term.

30. Controlling Party

No single individual has sole control of the company.

31. Events after the balance sheet date

Following the year end the company issued 324,895,331 0.1p ordinary shares to acquire the entire share capital of Sormelle Limited.

During September 2013 the company sold Devil Fish Poker Limited to a former director J S Williams.

32. Going Concern

The Group made a loss for the year of £438,000 (2012: £291,000) and an EBITDA profit of £1,000 (2012: (£231,000)). The significant trading loss is a result of an impairment charge of £382,000 from the impairment of goodwill and the value of a leasehold on the football pitches business.

The management are continuing to control costs as well as pursue acquisitions of profitable cash generative companies, which has been seen with the acquisitions of Poseve Limited and Sormelle Limited. The group is forecasting turnover growth as a result of the acquisitions, with turnover of £4m expected and cash reserves being built up.

Given these changes made to the Group's ongoing operations, together with the additional capital available from the supporting shareholders, the Directors consider that the Group continues to be a going concern and they forecast that that there is sufficient funding in place to enable the continuance of the Group.

BOXHILL TECHNOLOGIES PLC
PARENT COMPANY BALANCE SHEET
For the year ended 31 July 2013

| | Note | 2013 £'000 | 2012 £'000 |
|---|------|--------------------|-------------------|
| Fixed assets | | | |
| Intangible fixed assets | III | 18 | 18 |
| Property, Plant and Equipment | III | - | 2 |
| Investments | III | 745 | 675 |
| | | <u>763</u> | <u>695</u> |
| Current assets | | | |
| Debtors | IV | 26 | 882 |
| Cash at bank and in hand | | - | 10 |
| | | <u>26</u> | <u>892</u> |
| Creditors: Amounts falling due within one year | V | <u>(874)</u> | <u>(909)</u> |
| Net current (liabilities) / assets | | <u>(848)</u> | <u>(17)</u> |
| Total assets less current liabilities | | (85) | 678 |
| Creditors: Amounts falling due over one year | V | <u>(14)</u> | - |
| Net assets | | <u>(99)</u> | <u>678</u> |
| Capital and Reserves | | | |
| Share capital | VI | 795 | 442 |
| Share premium | Vi | 1,463 | 1,321 |
| Profit and loss account | VII | <u>(2,357)</u> | <u>(1,085)</u> |
| Equity shareholders' funds | | <u>(99)</u> | <u>678</u> |

The Financial Statements were approved by the Board of Directors and authorised for issue on 20 December 2013. They were signed on its behalf by:

P I Jackson
Director

BOXHILL TECHNOLOGIES PLC

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS
For the year ended 31 July 2013

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 2006. 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 7 of the consolidated financial statements.

In the current year the company had no employees other than the Directors, who are all remunerated by the company.

III. Fixed Assets

The company's intangible assets consist of research and development costs of £18,000 (2012: £18,000) as detailed in note 13 of the consolidated financial statements. There was no amortisation in the period due to the amount being considered immaterial.

The company's tangible fixed assets consist of office equipment with a net book value of £nil when rounded to £'000s.

The company's investments consist of investments in subsidiaries of £745,000 (2012: £675,000).

Details of the Company's subsidiaries at 31 July 2013 can be found in Note 15 of the attached consolidated Financial Statements.

BOXHILL TECHNOLOGIES PLC

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS
For the year ended 31 July 2013

III. Fixed Assets (continued)

| Cost and net book value of Shares in subsidiary undertakings | 2013 | <i>2012</i> |
|---|---|---|
| | £'000 | <i>£'000</i> |
| Cost as at 1 August 2012 | 675 | <i>675</i> |
| Additions | 351 | <i>-</i> |
| Impairment | (281) | <i>-</i> |
| | <hr style="border-top: 1px dashed black;"/> | <hr style="border-top: 1px dashed black;"/> |
| Net Book Value at 31 July 2013 | 745 | <i>675</i> |
| | <hr style="border-top: 3px double black;"/> | <hr style="border-top: 3px double black;"/> |

IV. Debtors

| | 2013 | <i>2012</i> |
|--|---|---|
| | £'000 | <i>£'000</i> |
| Amounts due from subsidiary undertakings | | <i>844</i> |
| Other debtors | 7 | <i>18</i> |
| Prepayments and accrued income | 19 | <i>20</i> |
| | <hr style="border-top: 1px dashed black;"/> | <hr style="border-top: 1px dashed black;"/> |
| | 26 | <i>882</i> |
| | <hr style="border-top: 3px double black;"/> | <hr style="border-top: 3px double black;"/> |

V. Creditors

| | 2013 | <i>2012</i> |
|--|---|---|
| | £'000 | <i>£'000</i> |
| Amounts falling due within one year | | |
| Amounts due to subsidiary undertakings | 284 | <i>536</i> |
| Bank and other borrowings | 288 | <i>24</i> |
| Trade creditors | 203 | <i>273</i> |
| Other creditors | 49 | <i>17</i> |
| Accruals and deferred income | 50 | <i>59</i> |
| | <hr style="border-top: 1px dashed black;"/> | <hr style="border-top: 1px dashed black;"/> |
| | 874 | <i>909</i> |
| | <hr style="border-top: 3px double black;"/> | <hr style="border-top: 3px double black;"/> |
| Amounts falling due over one year | | |
| Trade Creditors | - | <i>40</i> |
| Bank and other borrowings | 14 | <i>-</i> |
| | <hr style="border-top: 3px double black;"/> | <hr style="border-top: 3px double black;"/> |

VI. Share capital and share premium account

The movements on share capital and share premium are disclosed in notes 23 and 24 to the consolidated financial statements.

BOXHILL TECHNOLOGIES PLC

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS
For the year ended 31 July 2013

VII. Profit and loss reserves

| | 2013 | <i>2012</i> |
|--------------------------|-----------------------|-----------------------|
| | £'000 | <i>£'000</i> |
| Balance at 1 August 2012 | (1,085) | <i>(892)</i> |
| (Loss) for the year | (1,272) | <i>(193)</i> |
| Balance at 31 July 2013 | <u>(2,357)</u> | <i><u>(1,085)</u></i> |

VIII. Controlling party

No single individual has sole control of the company.

IX. Related parties

The transactions set out below took place between the parent company and its subsidiaries.

| | 2013 | 2012 |
|--------------------------------------|--------------|--------------|
| | £,000 | £,000 |
| Management charge to: | | |
| Prize Provision Services Limited | 100 | - |
| Click Now Limited | - | 138 |
| Management charges from: | | |
| Prize Logistics Limited | - | 25 |
| Prize Provision Services Limited | - | 28 |
| Balances included in debtors: | | |
| Devil Fish Poker Limited | | 224 |
| FCBetz Limited | | 550 |
| Click Now Limited | | 65 |
| Soccerdome Limited | - | 4 |
| Balance included creditors: | | |
| Prize Provision Services Limited | 257 | 536 |
| Soccerdome Limited | 28 | - |
| Poseve Limited | | - |
| Bad debts written off: | | |
| FCBetz | 502 | - |
| Click Now Limited | 68 | - |
| Devil Fish Poker Limited | 233 | - |
| Prize Logistics Limited | - | 49 |