

Trading Financial Markets



2010

 **WORLDSPREADS**

Annual Report & Accounts 2010

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At a Glance

WorldSpreads Group plc is a leading financial services Group

which has offices in Dublin, London, Kuala Lumpur, Paris, Frankfurt, Madrid, Lisbon, Stockholm and Copenhagen.

Operational Highlights

- Group disposed of its Irish Financial Spread Betting Division in December 2009
- 4,124 new clients registered during year to 31 March 2010
- Successful negotiation and launch of new strategic partnership with Ladbrokes plc

4,124

New clients

Financial Highlights

- Operating profit from continuing operations up 666% (year on year)
- Revenue from continuing operations up 85% (year on year)
- Basic EPS up to 5.7 euro cents per share from 0.2 euro cents per share in 2009
- Average financial transactions per day up 41% to 6,148 from 4,367 in 2009

41%

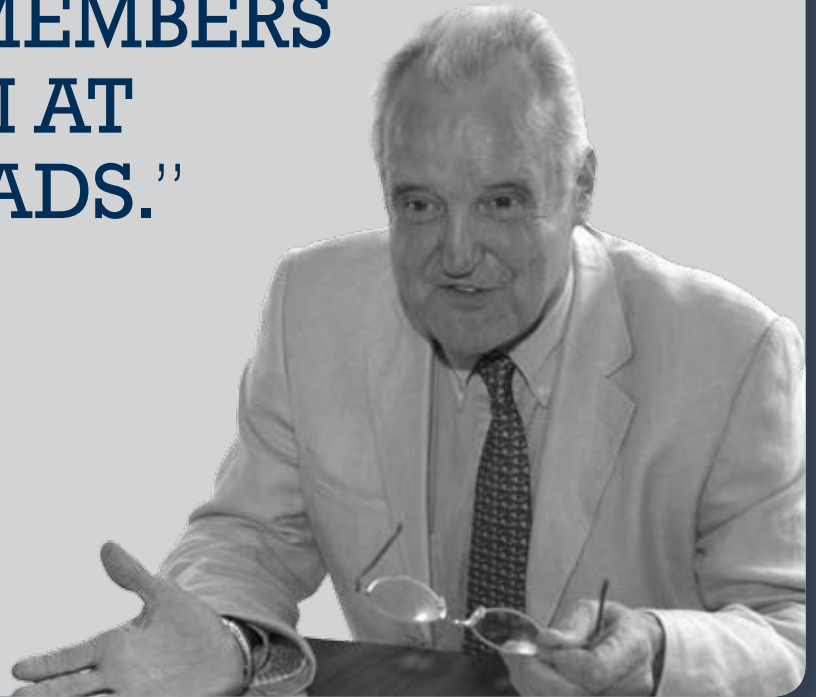
Average financial transactions up

Chairman's Statement

A Positive Year

“I BELIEVE THE RESULTS THAT WE ARE REPORTING ARE *VERY POSITIVE* AND REFLECT WELL ON ALL OF THE MEMBERS OF THE TEAM AT WORLDSPREADS.”

Lindsay McNeile, Chairman



Introduction

It is once again my privilege and pleasure to submit our annual results to you for the year ending 31 March 2010. When I wrote to you last year, I described the financial storm that swept the markets in 2008 and the universal uncertainty about how global economies would behave and perform in its aftermath. Uncertainty as to the timing and strength of economic growth domestically and globally persists. The trading year in respect of which we now report to you was a much quieter period overall, but peppered with shorter spells of volatility often confined to limited asset classes. We expect more of the same over the current financial year.

Results for the Year Ending 31 March 2010

I believe the results that we are reporting are very positive and reflect well on all of the members of the team at WorldSpreads. Our largest established international operations are based in countries (including, for part of the period, the Republic of Ireland) that have come under particularly intense economic and consumer pressure following the events of 2008/2009. These international businesses reacted excellently to this challenge and, as a result of improved and intensified marketing and hands-on customer service, delivered strong growth in all the critical performance indicators, including trading profit over the year. Their efforts, allied to the enhanced risk management processes, arising in response both to economic conditions and the completion of the disposal of the Irish subsidiary, have contributed significantly to our successful growth. The domestic market has developed very satisfactorily and we have been able to engage with some first-class UK partners in order to expand our white label portfolio.

We have been fortunate in being able to attract some significant new personnel both at the executive level and in a non-executive capacity. I believe the management cadre at WorldSpreads demonstrates strength and depth and will represent a complement ideally suited to building the company for the future, domestically and internationally.

Important Events Since Year End

Since the year end, we have launched a new enhanced trading platform for our customers. This is designed to facilitate trade and to ensure we offer a wide range of product and risk profiles to suit the needs and requirements of all our customers whether experienced or novice. Great credit is due to colleagues at our Malaysian based software development subsidiary and to the project management team in London to have achieved this launch so smoothly.

Looking Forward

The year to March 2010 has been characterised by significant change, which makes the financial results all the more creditable. We moved our offices; we significantly augmented the management team; we managed the launch and roll-out of an interim trading platform upgrade: we overhauled and fortified our risk management systems to address both current global economic conditions and the disposal of the Irish business which resulted in a material change to the shape of our book.

This is a year of consolidation, investment in all aspects of our infrastructure and embedding within it the appropriate climate and culture for growth and expansion. We have all the resources needed to plan and implement investment in our brand, in our international offices (existing and

new) and in our product range. This is supported by a strong and skilled back office and support team to ensure risk is appropriately mitigated and our standards of fairness to our customers are uncompromising. We plan to be audacious, agile and highly professional as we address the future.

Once again I offer, on behalf of all shareholders, my thanks to every member of the WorldSpreads team for their dedication, enthusiasm and commitment and have confidence that together we can continue to strengthen and grow our business in the coming year.

I must close, however, by expressing on behalf of all of your Board, our thanks to Michael V. Foley who retired during the course of the financial year. He was a sterling non-executive and a constant source of support for the Chairman and of constructive and direct challenge to the Executive. Michael served on the Board from the Company's inception and held the Chair for a lengthy and eventful period as the business grew from its roots as a small sports betting company to a financial services group in robust health and with a widely respected brand. Michael will be missed but the family connection continues with the appointment to the Board as Chief Commercial Officer of Michael Foley Jr. where his experience and track record in the expansion of our commercial relationships will continue to make an important contribution to the execution of our strategies.

Lindsay McNeile
Chairman

24 September 2010



XEQT – Next Generation Trading System – Launched

WorldSpreads has successfully launched its new financial trading system – XEQT. The system, which comprises a back-end trading system, a new price engine, dual on-line trading platforms and a new website, is fully integrated. This system was developed in-house by the Group's IT development team in Malaysia. The Group will use this newly launched system as the basis for the continued development such as mobile trading which we expect to launch in late 2010/early 2011.

Chief Executive's Review

A Strong Year

“I AM PLEASED TO REPORT THAT THE FINANCIAL YEAR TO THE END OF MARCH 2010 WAS THE MOST **SUCCESSFUL YEAR IN THE HISTORY OF THE COMPANY.**”

Conor Foley, Chief Executive Officer



Overview

During the year to end of March 2010, I am pleased to report we have recorded a 'constant currency' growth rate of 97% in turnover from continuing operations, 85% before adjusting for currency fluctuations. The two Key Performance Indicators of 'New Clients' and 'Transaction Numbers' continued to improve at a satisfactory pace. During the year under review, the number of new accounts opened was 4,124, while average daily transaction numbers during the year were 6,148, an increase of 41% over the previous year. The combination of the growth in these two Key Performance Indicators resulted in a significant growth in revenue from continuing operations, which increased by 85% to €12.89m (£11.41m), up from €6.96m (£6.16m) in the prior year.

Particularly pleasing was the well-diversified spread of the growth, both among our partners and also geographically, meaning the Group is not reliant on a small number of key partners or on any particular country. Over 10% of the revenue during the period under review was sourced from partners, while 37% of the revenue originated outside the UK.

In addition to the strong revenue growth rates, the Board is pleased at the manner in which administration expenses have been managed allowing a significant proportion of top line growth to flow through to bottom line net profit. This resulted in an increase in profit before tax from continuing operations to €3.0m (£2.65m) compared to a profit before tax of €0.25m (£0.22m) in the previous year. Gross margins from continuing operations have risen from 59% for the year to 31 March 2009 to 75% in the current year, reflecting the increased level of business generated through our international division where margins are higher.

One of the key events of the year was the sale of the Group's Irish division in December, 2009 for a total consideration of approximately €11.2m. This has substantially strengthened the Group's statement of financial position and is evident in the strong net cash position at year end. (See statement of financial position on page 6.) Given the time distraction involved in the disposal of the Irish division, the Board is pleased the Group still managed to achieve its targets across all its Key Performance Indicators during the period under review.

The strength of the statement of financial position has positioned the company well to invest in organic growth in its key markets and the preparations for this new strategic approach commenced in early 2010.

The current year can therefore be considered as a year of 'Investment for Growth', with particular emphasis on the UK, France, Spain and Germany. Distinct advertising campaigns have been designed for each country and small sales offices have been established in the key European countries.

International markets have performed ahead of budget in all respects. Expansion of this activity, through a variety of partnerships continues to represent a key pillar of our long-term strategy. Our established international partnerships have grown very satisfactorily and we expect to continue the roll out of new international territories in the coming years. The core London business, which operates in a competitive market, has also made significant strides in the year to end of March 2010.

Chief Executive's Review (continued)

Some important 'white label' arrangements have been added to the UK Division, such as with Ladbrokes, which we announced in February 2010. We expect to announce new UK 'white label' partners in the coming months. The Group's Malaysian office continues to act as the centre for IT systems development. Almost 99% of the trades taken by the Group are executed online using the Group's proprietary trading platform. New iterations of this platform are being rolled out on a continuing basis. The Company is confident the new platform, when fully implemented, will deliver operational improvements and result in improved margins.

These results could not have been achieved without the expertise of the highly-experienced team of people at WorldSpreads and I would like to take this opportunity to thank each and every one of these people for their on-going commitment.

Financial Spread Betting Division

The growth in the Group's Financial Spread Betting Division continued to accelerate over the course of the period under review. Financial Spread Betting revenues grew from €6.96m (£6.16m) for the year to 31 March 2009 to €12.89m (£11.41m) for the year to 31 March 2010, an increase of 85%. This growth was experienced across all geographic regions and in particular the more profitable international regions. The Group's international business showed extremely positive results for the year, with revenues more than doubling from €2.14m (£1.89m) in the year to 31 March 2009 to €4.82m (£4.27m) for the year to 31 March 2010. In particular, the growth levels experienced in Spain and Hungary were well ahead of management expectations and the Group has established a strong presence in both markets.

Other Financial Derivatives Division

We have agreed to terminate our agency agreement with the team of traders who were providing a WorldSpreads branded range of financial derivative products, such as futures, options, forex and contracts for difference (CFDs). This team will be leaving WorldSpreads before the end of 2010. There will be no material impact on Group revenues as a result of this.

Statement of Financial Position

With net assets of €23.04m (£20.39m) (2009: €17.4m, £15.4m) the Group is in a strong financial position. Company cash resources, net of client balances, amount to approximately €13m (£11.5m) (2009: €8m (£7.08m)). In addition, the Group is due to receive €1.575m (£1.39m) in cash in December 2010 and a further €1.65m (£1.46m) in cash in December 2011 as the deferred proceeds of the disposal of the Irish Financial Spread Betting Division. The Group's continued focus on small to medium sized clients and the implementation of its credit policies have ensured the Group continues to experience low levels of unrecoverable debt.

About WorldSpreads

WorldSpreads is a financial services company founded in 2000. It offers a range of services to retail clients, specifically Spread Betting and CFDs. The WorldSpreads Head Office is in Dublin, Ireland and it has European offices in London, Paris, Frankfurt, Stockholm, Copenhagen, Lisbon and Madrid. In 2008 it opened its first Asian office in Kuala Lumpur, Malaysia. It has partnerships in Hungary, Greece, Slovenia and South America.



Dividend Policy

In line with the policy set out in the Company's AIM Admission Document, it is the Directors' intention to focus on delivering capital growth for shareholders and to utilise earnings to continue generating that growth. Therefore, the Directors do not propose paying a dividend in respect of the financial year ended 31 March 2010 (2009: €Nil), but will review the Company's dividend policy from time to time as appropriate.

Summary and Outlook

The Board is very pleased with the progress the Group has made in the past 12 months. All segments of the business are performing well and further growth is expected during the current fiscal year, driven largely by our continued international expansion. Even against the background of a very weak macro environment, trading continues to perform well and the Group is confident it will continue to deliver on its focused business plan to expand, not only in our local markets but also into selected international markets within the EU and beyond. Through this strategy we believe that we can maximise shareholder value over the coming years. Once again, this could not have been achieved without the commitment and skills of the highly experienced team of people at WorldSpreads. The Board would like to take this opportunity to thank each and every one of these people.

Conor Foley

Chief Executive Officer

Our Strategy for Continued Worldwide Expansion

Introduction

The Group's expansion strategy has been focused on international markets and the Group continued to expand in 2010, opening new offices in Frankfurt and Lisbon. The Group's headquarters remain in Dublin with its main trading operations in London and Information Technology development in Kuala Lumpur, Malaysia. In 2009 the group opened offices in Paris, Stockholm and Copenhagen.

Our business continues to grow in Eastern Europe and in Greece, despite uncertain economic conditions in these regions.

Innovation is at the cornerstone of the development of the Group's business and the WorldSpreads website is now available in 16 languages, with three distinct account types and two trading platforms.

UK

To date, the WorldSpreads expansion in the UK has been principally developed through a network of partnerships. This initial focus has established 17 successful partnerships to date and there are a number of potential new relationships under negotiation. The Group is confident that its partnership strategy in the UK will continue to drive growth over the coming 12 months.

Since the year end the company has renewed its focus on the UK retail market with a new campaign commencing in Quarter 3 2010, which will raise awareness of WorldSpreads in the UK Financial Spread Trading market where the Group still has only a small percentage of the overall market. This campaign will involve an aggressive 'best price' campaign in an attempt capture a larger share of the £100,000,000+ UK turnover in this product.

To this end, in September 2010, WorldSpreads launched the "Zero Spreads" campaign offering zero spreads on 10 actively traded markets in the spread betting industry. This is a 'first' for the spread betting industry and offers clients an unrivalled opportunity to trade those financial markets with no transaction costs. In 2007, WorldSpreads was the first company to offer 'one point spreads', an initiative which has since been copied by a number of other industry players. The Zero Spreads campaign is being promoted by a significant marketing and PR campaign across multiple channels, including online, national press and financially focused television channels. In respect of television, WorldSpreads continues to increase its profile through multiple interview slots with WorldSpreads traders on the main financial television stations such as CNBC and Bloomberg TV.

International

WorldSpreads' international business performed very strongly in the year to 31 March 2010 and, in the established territories of Spain, Greece and Eastern Europe, has continued to do so since the year end. The contribution from new territories is increasing month to month and the Group is very excited by the prospects in a number of different European locations. The retail growth of recent years has been supplemented by introducing new broker arrangements and it is expected this will lead to further growth in the next twelve months through new partnerships across our international territories.

Technological development has been a key driver of our growth and the new website has broadened the appeal of the product by offering simple platforms, intuitive trading and a choice of accounts which will limit client's exposure to the markets, if they desire. Despite some harsh economic conditions across the Eurozone, WorldSpreads has experienced growth in all territories and expects this growth to continue into 2011.

In Q4 2010, WorldSpreads will be launching new marketing campaigns targeting the retail investor in Germany, France, Sweden and Denmark as well as increasing its investment in the Spanish and Portuguese markets.

Partnerships

WorldSpreads' domestic partnership programme has continued to grow strongly in the year to 31 March 2010 and has attracted a number of new internationally renowned partnerships. In February 2010 we announced an exclusive partnership with Ladbrokes, one of Europe's leading gaming groups. This venture went live in June, 2010, on a test basis due to the World Cup, but in Q3 2010 the project has officially launched and the initial impact has been excellent. In August 2010, WorldSpreads announced a new deal with 188Bet, one of the largest sports bookmakers in the world. This coincided with the development of the WorldSpreads "Lite" trading platform, offering a more simplified trading experience for customers new to the product.

The Future

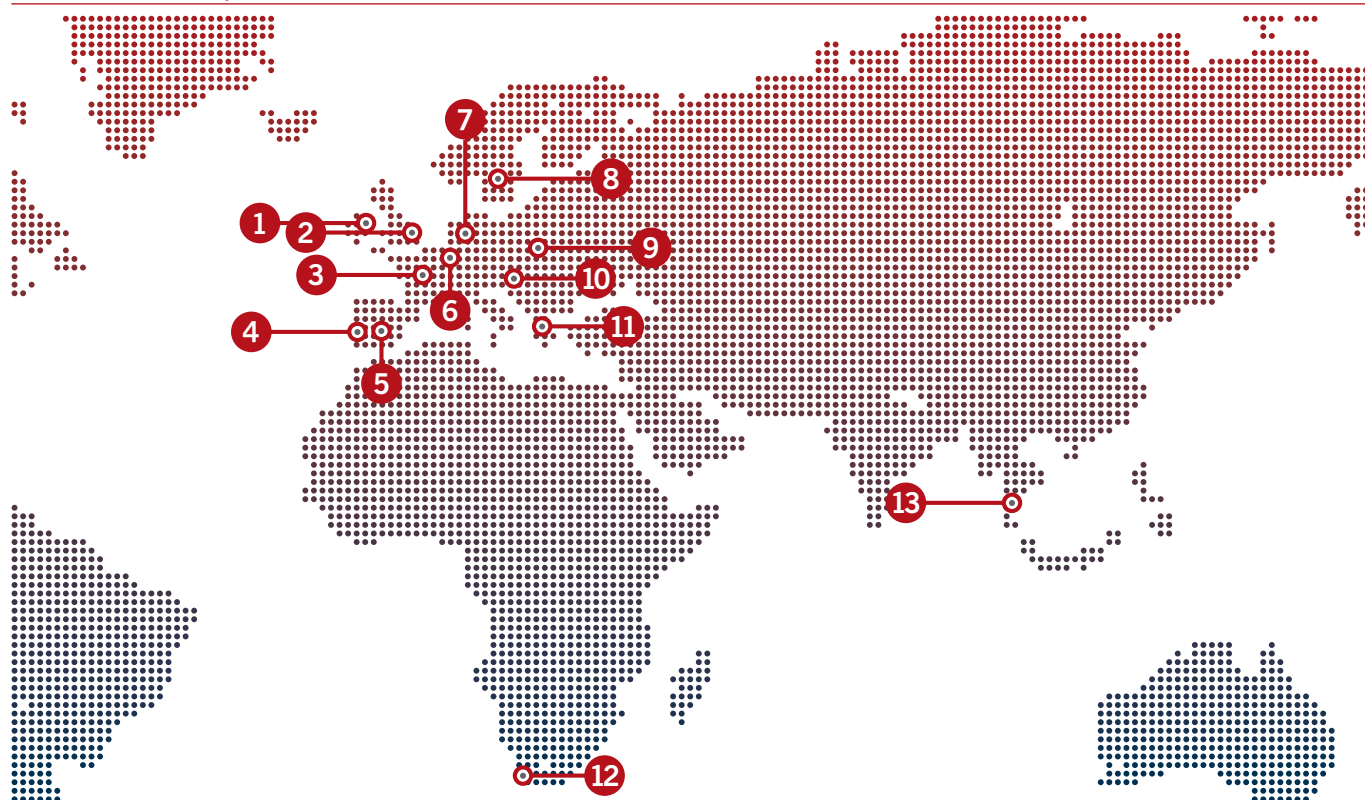
Over the next 12 months, WorldSpreads will be launching its products in four major European countries for the first time. The Group is seeking to replicate the excellent returns it has achieved in the last four years in our existing international markets. The aim will be to deliver the product to the retail market through innovation, promotion and advertising while at the same time building the business through local partnerships and introducing brokers.

WorldSpreads offices/partners

- 1 Dublin, Ireland
- 2 London, United Kingdom
- 3 Paris, France
- 4 Lisbon, Portugal
- 5 Madrid, Spain
- 6 Frankfurt, Germany
- 7 Copenhagen, Denmark
- 8 Stockholm, Sweden
- 9 Budapest, Hungary
- 10 Ljubljana, Slovenia
- 11 Athens, Greece
- 12 Cape Town, South Africa
- 13 Kuala Lumpur, Malaysia

“THE GROUP’S *EXPANSION STRATEGY* HAS BEEN FOCUSED ON INTERNATIONAL MARKETS AND THE GROUP CONTINUED TO EXPAND IN 2010 OPENING NEW OFFICES IN FRANKFURT AND LISBON.”

Our Global Community



Board of Directors



Lindsay McNeile, Chairman

Lindsay has been a Non-Executive Director of the Company since 2002 and became Chairman on Admission to AIM. He was a co-founder of Sporting Index, the sports spread betting company. From 1992 to his departure in 2001, he was responsible for all aspects of management, the establishment of the “Financial Spreads”, “Sporting Odds” and “Tote/Sporting Index” brands, and held a number of positions

including Finance, Compliance and Managing Director. Subsequently, Lindsay was Finance Director for Kiotech International plc from 2001 to 2004, where he prepared the business for refinancing and promotion from OFEX to AIM, and from 2004 to 2005 Managing Director of Global Currencies Limited, a London-based company specialising in trading emerging market currencies and financial instruments.



Conor Foley, Chief Executive Officer

Conor is co-founder and Chief Executive of WorldSpreads Group. Prior to establishing WorldSpreads he had 11 years of experience in the financial services sector. Conor has a Masters degree (MA) in Economics from University College, Dublin.

He was Chief Dealer with Smurfit Paribas Bank from 1995 to 1998 (having joined the bank in 1989) with overall responsibility for the risk management of the bank’s foreign exchange. He has been shortlisted by Ernst & Young for Entrepreneur of the Year in Ireland on three separate occasions.



Niall O’Kelly, Chief Financial Officer

Niall qualified as a Chartered Accountant with KPMG in 1993. In 1994 he joined Trinity Biotech plc, a NASDAQ and Irish Stock Exchange-listed company, as Group Financial Controller. During this time he was very actively involved in the corporate finance side of the business and worked on a number of fundraisings, acquisitions and the entry to the Irish Stock Exchange.

Following his departure from Trinity Biotech, Niall joined an emerging technology company, Magnetic Solutions as CFO before joining WorldSpreads in 2004.



Michael J Foley, Chief Commercial Officer

Michael is one of the original founding members of WorldSpreads. Prior to that he worked for 8 years in Financial Information Systems within the Biotechnology industry. At WorldSpreads, Michael has overseen the expansion of the business in 14 countries and developed regional hubs outside of Europe in Asia, Africa and South America. Michael holds a BSC in Financial Information Systems from Trinity College Dublin.



Kevin Moran, Non-Executive Director

Kevin joined the Group as a Non-Executive Director in March 2002. He is a director of James Grant Sports Limited, specialising in the representation of professional footballers. During his sporting career, Kevin represented Manchester United FC for ten years as well as

the Republic of Ireland, winning 71 international caps. Kevin also won two senior Gaelic Football All-Ireland medals with Dublin in 1976 and 1977. Kevin has a degree in commerce from University College, Dublin.



David Leonard, Non-Executive Director

David has been a Non-Executive Director of the Group since January 2001. He is a partner with Leonard & Co, an accountancy practice in Dublin which specialises in providing financial, management and taxation advice to small and medium-sized enterprises. David is a Chartered Certified Accountant and was President of ACCA Ireland for 1977/78 and President of ACCA Worldwide 1997/98.

Directors' Report

for the year ended 31 March 2010

The directors present herewith their report and the audited financial statements for the year ended 31 March 2010.

Principal Activities

The principal activity of the Group throughout the year has been that of providing a financial trading product for trading on the world's financial markets. The Group's subsidiary, WorldSpreads Limited, is regulated by the UK Financial Services Authority (FSA). The Group is headquartered in Ireland.

Review of Business and Future Developments

A review of the Group's business and future developments is contained in the Chairman's Statement and the Chief Executive's review on pages 2 to 7.

Risk Management

The products offered by the Group are directly impacted by movements in the world's financial markets. These movements create an exposure to profits and losses for the Group. It is in the management of this exposure that the Group generates its trading profits. The Group's trading division monitors all exposures on a real time basis and use a variety of hedging techniques to bring all exposures to within agreed limits. These hedging techniques are used for offsetting risks and involve taking out positions with other financial institutions.

Information about the financial risk management objectives and policies of the Group, along with exposure of the Group to credit risk, liquidity risk and market risk, are disclosed in Note 26 of the notes to the financial statements.

Incorporation and Name Change

WorldSpreads Group plc was incorporated on 15 March 2001 and commenced trading on that date.

The Group was re-registered as a plc on 5 July 2007 resulting in the change of the Group's name to WorldSpreads Group plc.

Dividends

The directors of the Group do not propose the payment of a dividend in respect of the year ended 31 March 2010.

Directors

The directors of the Group at 31 March 2010 were:

Executive Directors

Conor Foley
Niall O'Kelly

Non-Executive Directors

Lindsay McNeile
Michael V Foley
David Leonard
Kevin Moran

In accordance with the Company's articles of association, Niall O'Kelly and David Leonard retire by rotation and, being eligible, offer themselves for re-appointment. Each has a service contract which is terminable by the Company on not less than six months' notice.

The board recommends the re-appointment of Niall O'Kelly and David Leonard as directors.

Directors' Service Agreements

All executive directors' service contracts are subject to six months' notice of termination from the Company and six months from the employee.

The Non-Executive Directors are each appointed for a fixed term of 12 months and these terms are extendible by mutual agreement. All appointees are subject to regular re-appointment by shareholders. Contracts are terminable on three months' notice except in the case of the Company being taken over or the individual concerned becoming prohibited by law from acting as a director in which case termination is immediate.

Non-Executive Directors' remuneration is set by the full Board on the recommendation of the Remuneration Committee. Remuneration comprises an annual fee. Non-Executive Directors are not eligible to participate in any of the Company's bonus schemes.

The remuneration of the Executive Directors is determined by the Remuneration Committee. Remuneration comprises basic salary (reviewed annually), cash bonus, pension and healthcare for the Executive Director, spouse and dependant children. The Executive Directors may also participate in the Group's share option scheme.

Directors' Emoluments

Currency	Salaries & Fees		Benefits		Pension		Total	
	2010 €	2009 €	2010 €	2009 €	2010 €	2009 €	2010 €	2009 €
Executive Directors								
Conor Foley	179,463	189,946	–	–	–	–	179,463	189,946
Brian O'Neill*	131,250	175,000	4,323	5,764	12,750	17,000	148,323	197,764
Niall O'Kelly	150,000	150,000	3,184	2,924	15,000	15,000	168,184	167,924
Subtotal	460,713	514,946	7,507	8,688	27,750	32,000	495,970	555,634
Non-Executive Directors								
Lindsay McNeile	124,264	72,449	–	–	–	–	124,264	72,449
Michael V Foley	30,000	30,000	–	–	–	–	30,000	30,000
David Leonard	20,000	20,000	–	–	–	–	20,000	20,000
Kevin Moran	22,574	23,970	–	–	–	–	22,574	23,970
Subtotal	196,838	146,419	–	–	–	–	196,838	146,419
Total	657,551	661,365	7,507	8,688	27,750	32,000	692,808	702,053

* Brian O'Neill resigned from the board on 22 December 2009.

Interests in Share Option Plans

Share options were granted to the Directors in the years ended 31 March 2004 and 2005. There were no awards made to Directors in the years ended 31 March 2006, 2007, 2008, 2009 or 2010. The options granted and the maximum numbers of shares that can vest are as follows:

	Date of grant	Date of expiry	Exercise price €	Number as at 31 March 2009	Granted during year	Lapsed during year	Number as at 31 March 2010
Executive Directors							
Conor Foley	15/12/03	14/12/10	0.6284	500,000	–	–	500,000
Total				500,000	–	–	500,000
Niall O'Kelly	15/12/03	14/12/10	0.6284	300,000	–	–	300,000
	31/03/05	30/03/12	0.6284	200,000	–	–	200,000
Total				500,000	–	–	500,000
Non-Executive Directors							
Lindsay McNeile	15/12/03	14/12/10	0.6284	200,000	–	–	200,000
	31/03/05	30/03/12	0.6284	300,000	–	–	300,000
Total				500,000	–	–	500,000
David Leonard	31/03/05	30/03/12	0.6284	25,000	–	–	25,000
Total				25,000	–	–	25,000
Kevin Moran	31/03/05	30/03/12	0.6284	25,000	–	–	25,000
Total				25,000	–	–	25,000

Directors' Report (continued)

for the year ended 31 March 2010

Directors' Interests in Shares

The Directors and their interests in the shares of WorldSpreads Group plc were as follows:

	31 March 2010 Number	31 March 2009 Number
Executive Directors		
Conor Foley	7,043,769	7,043,769
Niall O'Kelly*	63,762	63,762
Brian O'Neil	–	1,075,069
Non-Executive Directors		
Lindsay McNeile	287,430	287,430
Michael V Foley	153,762	153,762
David Leonard	148,529	148,529
Kevin Moran	134,494	134,494

* Director and Secretary

None of the Directors or Secretary held any interest in shares of Group companies at 31 March 2010 or at 31 March 2009.

Transactions Involving Directors

There were no contracts of any significance in relation to the business of the Company in which the Directors had any interest, as defined in the Companies Act 1990, at any time during the year ended 31 March 2010.

Events After the Statement of Financial Position Date

There were no material events after the statement of financial position date.

Research and Development

No activities were undertaken in the field of research and development during the year (2009: Nil).

Books and Accounting Records

The Directors are responsible for ensuring that proper books and accounting records, as outlined in section 202 of the Companies Act 1990, are kept by the Group. To ensure compliance with these requirements, the Directors have appointed professionally qualified accounting personnel with appropriate expertise and have provided adequate resources to the finance function. These books and accounting records are maintained at the Group's registered offices at Hambleden House, 19–26 Lower Pembroke Street, Dublin 2.

Auditors

A resolution to reappoint Ernst & Young, Chartered Accountants, as auditors will be put to the members at the Annual General Meeting. The auditors have stated their willingness to continue in office in accordance with the provisions of section 160 (2) of the Companies Act 1963.

On behalf of the Board

Lindsay McNeile
Director
24 September 2010

Conor Foley
Director

Statement of Directors' Responsibilities

for the year ended 31 March 2010

The Directors are responsible for preparing the financial statements in accordance with applicable Irish law and those International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The Directors are required to prepare financial statements for each financial year which present fairly the financial performance of the Group and the financial position and cash flows of the Group and the Company. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact;
- on particular transactions, other events and conditions on the entity's financial position and financial performance; and
- state that the Group has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping proper books of accounts which disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the financial statements are prepared in accordance with the Companies Acts 1963 to 2009. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for prevention and detection of fraud and other irregularities.

On behalf of the Board

Lindsay McNeile
Director
24 September 2010

Conor Foley
Director

Corporate Governance Report

for the year ended 31 March 2010

Although not required to, the Directors have decided to provide corporate governance disclosures similar to those that would be required of a listed company. The Directors believe the Board is soundly constituted. There is a clear distinction between the role of the non-executive chairman in running the Board and the chief executive in running the business. The latter is obliged to comply with a schedule of matters requiring board approval before implementation. Lindsay McNeile has been designated senior independent Director. All Directors have access to the advice and services of the Company Secretary. The Group's ongoing dialogue with its major institutional shareholders remains modest but steps are being taken by the Directors to adopt a more proactive approach to this.

Board Committees

Risk Committee

The Risk Committee comprises Lindsay McNeile (Chairman), David Leonard and Kevin Moran, all non-executive members of the Board, and the Group's head of internal audit. The committee meets not less than four times a year to discuss and manage the risks of the Group as identified by the Group's risk-mapping processes.

Audit Committee

The Audit Committee comprises David Leonard (Chairman), Lindsay McNeile and Kevin Moran. The Executive Directors, Group head of internal audit and representatives of the external auditors attend meetings by invitation as required. The committee meets at least three times each year and receives reports from the Group's management and external auditors relating to the annual and interim accounts and the accounting and internal control systems within the Group. The committee has direct and unrestricted access to the external auditors.

Remuneration Committee

The Remuneration Committee comprises Lindsay McNeile (Chairman), Kevin Moran and David Leonard and meets at least twice each year. The principal duties of the committee are to determine the total individual remuneration packages for Executive Directors and to review the scale and structure of the remuneration and service contracts for senior management. The committee also administers the Group's share option schemes.

Nomination Committee

The Nomination Committee comprises Kevin Moran (Chairman), David Leonard and Lindsay McNeile and meets at least twice each year. The principal duties of the committee are to review the structure, size and composition (including the skills, knowledge and experience) required of the Board compared to its current position and make recommendations to the Board with regard to any changes, and to identify and nominate for the approval of the Board, candidates to fill Board vacancies as and when they arise.

The Company Secretary is secretary to these committees.

The Group has established processes and procedures for identifying, evaluating and managing the significant risks faced by the Group. The processes have been embedded into the fabric of the Group and have been in place for the period under review and up to the date of approval of the annual report and financial statements. The processes and procedures are regularly reviewed by the Board. The Board is ultimately responsible for the Group's system of internal controls and for reviewing its effectiveness. The Risk Committee was established in April 2009 to specifically oversee and police this function.

The role of management is to implement Board policies on risk and control. The system of internal controls is designed to manage rather than eliminate the risk of failure of the achievement of business objectives. In pursuing these objectives, internal controls can only provide reasonable and not absolute assurance against material misstatement or loss. A process of control, self-assessment and hierarchical reporting has been established which provides for a documented and auditable trail of accountability. These procedures are relevant across all Group operations: they provide for successive assurances to be given at increasingly higher levels of management and, finally, to the Board.

The processes used by the Board to review the effectiveness of the system of internal controls include the following: annual budgets are prepared for each operating business and compared with monthly management reporting, which focuses on actual performance against these budgets; management reports and any material control weaknesses that are identified; discussions with management including discussions on the actions taken on problem areas identified by Board members; policies and procedures for such matters as delegation of authorities, capital expenditure and treasury management as well as regular updates; review of the adequacy of the level of experienced and professional staff throughout the business and the expertise of individual staff members so that they are capable of carrying out their individual delegated responsibilities; and review of the external audit work plans. The Group's management operates a risk management process which identifies the key risks facing each business. The process is based on each business unit producing a risk register which identifies the potential key risks to the individual business unit, the impact should they occur and the action being taken to sufficiently manage those risks.

Lindsay McNeile

Chairman

Independent Auditors' Report

to the Members of WorldSpreads Group plc
for the year ended 31 March 2010

We have audited the Group and parent Company financial statements (the "financial statements") of WorldSpreads Group plc for the year ended 31 March 2010, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and the Company Statement of Financial Position, the Consolidated and the Company Cash Flow Statements, the Consolidated and the Company Statement of Changes in Shareholders' Equity and the related Notes 1 to 29. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 193 of the Companies Act 1990. 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

The Directors are responsible for the preparation of the financial statements in accordance with applicable Irish law and International Financial Reporting Standards (IFRSs) as adopted by the European Union as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with IFRSs as adopted for use in the European Union. We report to you our opinion as to whether the parent Company financial statements give a true and fair view in accordance with IFRSs as adopted for use in the European Union as applied in accordance with the provisions of the Companies Acts, 1963 to 2009. We also report to you whether the financial statements have been properly prepared in accordance with the Companies Acts 1963 to 2009. We also report to you our opinion as to: whether proper books of account have been kept by the Company; whether, at the statement of financial position date there exists a financial situation which may require the convening of an extraordinary general meeting of the Company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit and whether the Company statement of financial position is in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding Directors' remuneration and other transactions is not disclosed and, where practicable, include such information in our report.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of affairs of the Group as at 31 March 2010, and of the profit of the Group for the year then ended; the parent Company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the Companies Acts, 1963 to 2009, of the state of affairs of the parent Company as at 31 March 2010; and the financial statements have been properly prepared in accordance with the Companies Acts, 1963 to 2009.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the Company. The Company statement of financial position is in agreement with the books of account.

In our opinion the information given in the Directors' Report is consistent with the financial statements.

In our opinion, the balance sheet does not disclose a financial situation which under section 40(1) of the Companies (Amendment) Act 1983 would require the convening of an extraordinary general meeting of the Company.

Ernst & Young

Chartered Accountants and Registered Auditors
Dublin
24 September 2010

Consolidated Income Statement

for the year ended 31 March 2010

	Notes	2010 €	Restated 2009 €
Continuing operations			
Revenue	5	12,887,862	6,961,949
Cost of sales	6	(3,210,272)	(2,878,110)
Gross profit		9,677,590	4,083,839
Administrative expenses	7	(6,642,038)	(3,687,759)
Operating profit		3,035,552	396,080
Finance income	8	32,759	140,012
Finance expense	9	(65,904)	(289,437)
Profit before tax		3,002,407	246,655
Income tax expense	10	(755,777)	(183,275)
Profit for the year from continuing operations		2,246,630	63,380
Discontinued operations			
Profit for the year from discontinued operations	25	3,107,636	1,837,385
Profit for the year attributable to equity holders of the parent company		5,354,266	1,900,765
Earnings per share from continuing operations			
Basic	11	0.057	0.002
Diluted	11	0.056	0.002
Earnings per share from discontinuing operations			
Basic	11	0.079	0.047
Diluted	11	0.078	0.045
Earnings per share			
Basic	11	0.136	0.049
Diluted	11	0.134	0.047

No dividends are proposed by the Company.

The Notes on pages 26 to 52 are an integral part of these consolidated financial statements.

On behalf of the Board

Lindsay McNeile
Director
24 September 2010

Conor Foley
Director

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2010

	2010 €	Restated 2009 €
Profit for the year	5,354,266	1,900,765
Exchange differences on translation of foreign operations	277,122	(678,087)
Other comprehensive income (loss) for the year, net of tax	277,122	(678,087)
Total comprehensive income for the year, net of tax	5,631,388	1,222,678
Attributable to:		
Equity holders of the Parent Company	5,631,388	1,222,678

Consolidated Statement of Financial Position

as at 31 March 2010

	Notes	2010 €	2009 €
Non-current assets			
Property, plant and equipment	12	873,325	898,153
Intangible assets	13	2,178,476	764,422
Interest in joint ventures	3	–	17,500
Deferred tax asset	10	30,673	392,938
Deferred consideration on sale of Irish Financial Spread Betting Division	25	1,650,000	–
		4,732,474	2,073,013
Current assets			
Prepayments and accrued income		1,739,974	1,073,141
Derivative financial instruments	15	8,140,481	9,667,494
Trade and other receivables	16	7,927,427	7,564,548
Cash and cash equivalents	17	26,839,727	22,367,768
		44,647,609	40,672,951
Assets of disposal group classified as held for sale	25	–	1,201,771
Total assets		49,380,083	43,947,735
Equity			
Issued share capital	18	590,450	590,450
Share premium		17,682,821	17,682,821
Retained earnings		5,938,224	471,168
Other reserves	18	(1,403,682)	(1,680,804)
Share option scheme	21	227,746	340,536
Total equity		23,035,559	17,404,171
Current liabilities			
Trade and other payables	20	16,719,517	20,021,335
Derivative financial instruments	15	6,924,730	3,283,052
Interest-bearing loans and borrowings	19	2,323,003	2,012,712
Current tax liabilities		377,274	136,153
		26,344,524	25,453,252
Liabilities directly associated with the assets classified as held for sale	25	–	1,090,312
Total Liabilities		26,344,524	26,543,564
Total equity and liabilities		49,380,083	43,947,735

The Notes on pages 26 to 52 are an integral part of these consolidated financial statements.

On behalf of the Board

Lindsay McNeile
Director
24 September 2010

Conor Foley
Director

Company Statement of Financial Position

as at 31 March 2010

	Notes	2010 €	2009 €
Non-current assets			
Investment in subsidiaries	14	8,669,257	6,521,360
Long-term subordinated loan	23	2,052,000	4,447,099
Deferred consideration on sale of Irish Financial Spread Betting Division	25	1,650,000	–
		12,371,257	10,968,459
Current assets			
Cash and cash equivalents	17	140,588	7,594
Trade and other receivables	16	11,047,814	4,365,373
Prepayments and accrued income		284,600	42,142
Total assets		23,844,259	15,383,568
Equity			
Issued share capital	18	590,450	590,450
Share premium		17,682,821	17,682,821
Retained earnings		5,243,242	(3,932,381)
Share option scheme	21	227,746	340,536
Total equity		23,744,259	14,681,426
Current liabilities			
Trade and other payables	20	100,000	702,142
Total Liabilities		100,000	702,142
Total equity and liabilities		23,844,259	15,383,568

The Notes on pages 26 to 52 are an integral part of these consolidated financial statements.

On behalf of the Board

Lindsay McNeile
Director
24 September 2010

Conor Foley
Director

Consolidated Statement of Changes in Shareholders' Equity

for the year ended 31 March 2010

	Issued share capital €	Share premium €	Retained earnings €	Merger reserve €	Other Reserves Other reserve €	Share option scheme €	Total €
At 31 March 2008	589,550	17,643,460	(1,444,473)	(97,641)	(905,076)	355,412	16,141,232
Other comprehensive loss	–	–	–	–	(678,087)	–	(678,087)
Profit for the year	–	–	1,900,765	–	–	–	1,900,765
Total comprehensive income for the year	–	–	1,900,765	–	(678,087)	–	1,222,678
Exercise of options	900	39,361	14,876	–	–	(14,876)	40,261
Balance at 31 March 2009	590,450	17,682,821	471,168	(97,641)	(1,583,163)	340,536	17,404,171
Other comprehensive income	–	–	–	–	277,122	–	277,122
Profit for the year	–	–	5,354,266	–	–	–	5,354,266
Total comprehensive income for the year	–	–	5,354,266	–	277,122	–	5,631,388
Cancellation of options	–	–	112,790	–	–	(112,790)	–
At 31 March 2010	590,450	17,682,821	5,938,224	(97,641)	(1,306,041)	227,746	23,035,559

The Notes on pages 26 to 52 are an integral part of these consolidated financial statements.

Company Statement of Changes in Shareholders' Equity

for the year ended 31 March 2010

	Issued share capital €	Share premium €	Retained earnings €	Share option scheme €	Total €
At 31 March 2008	589,550	17,643,460	(3,029,591)	355,412	15,558,831
Loss for the year	–	–	(917,666)	–	(917,666)
Total income and expense for the year	–	–	(917,666)	–	(917,666)
Exercise of options	900	39,361	14,876	(14,876)	40,261
Share option compensation	–	–	–	–	–
At 31 March 2009	590,450	17,682,821	(3,932,381)	340,536	14,681,426
Profit for the year	–	–	9,062,833	–	9,062,833
Total income and expense for the year	–	–	9,062,833	–	9,062,833
Cancellation of options	–	–	112,790	(112,790)	–
At 31 March 2010	590,450	17,682,821	5,243,242	227,746	23,744,259

Consolidated Cash Flow Statement

for the year ended 31 March 2010

	Notes	2010 €	Restated 2009 €
Operating activities			
Profit before tax from continuing activities		3,002,407	246,655
Profit before tax from discontinued activities	25	3,107,636	2,152,381
Profit before tax		6,110,043	2,399,036
Adjustments to reconcile profit after tax to net cash flows:			
Finance income		(81,474)	(293,420)
Finance expense		65,904	289,437
Non-cash:			
Depreciation and amortisation	4	559,959	661,082
Share of results of joint venture		–	(2,014)
Impairment loss on discontinued operations	25	–	660,000
Write off of investment in joint venture		17,500	–
Profit on disposal of Irish Financial Spreads Betting Division		(5,504,965)	–
Provision for impairment of trade receivables		607,605	239,700
Working capital adjustments:			
Increase in trade and other receivables		(1,668,713)	(1,559,879)
Increase in prepayments and accrued income		(666,833)	(386,945)
(Decrease)/increase in trade and other payables		(4,392,130)	1,596,560
Decrease in derivative financial assets		1,527,013	2,512,273
Increase/(decrease) in derivative financial liabilities		3,641,678	(5,009,115)
Income tax paid		(136,153)	(409,813)
Other exchange movements		(331,063)	1,878,773
Net cash flows (used in)/from operating activities		(251,629)	2,575,675
Investing activities			
Purchases of property, plant and equipment	4	(774,422)	(304,047)
Purchases of intangible assets	4	(1,862,517)	(462,417)
Interest received		81,474	293,420
Net cash inflow from disposal of Irish Financial Spread Betting Division and Sports Betting Division	25	6,303,444	–
Net cash flows from/(used in) investing activities		3,747,979	(473,044)
Financing activities			
Proceeds from borrowings		168,705	705,616
Repayments of borrowings		–	(2,936,732)
Interest paid		(65,904)	(441,818)
Issue of shares for cash		–	40,261
Share issue expenses		–	–
Net cash flows from/(used in) financing activities		102,801	(2,632,673)
Net increase/(decrease) in cash and cash equivalents		3,599,151	(530,042)
Effect of exchange rate changes on cash and cash equivalents		790,351	(2,436,141)
Cash and cash equivalents at 1 April		21,814,272	24,939,362
Cash and cash equivalents at 31 March		26,203,774	21,973,179
Cash attributable to discontinued Sports Division	25	–	(158,907)
Cash and cash equivalents at 31 March	17	26,203,774	21,814,272

Company Cash Flow Statement

for the year ended 31 March 2010

	Notes	2010 €	2009 €
Cash flows from operating activities			
Profit/(loss) before tax		9,062,833	(917,666)
Adjustments to reconcile loss after tax to net cash flows:			
Non-cash			
Impairment loss on discontinued operations	25	–	660,000
Profit on disposal of Irish Spread Betting Division	25	(5,504,965)	–
Finance income		–	(7,858)
Finance expense		–	211,359
(Increase)/decrease in trade and other receivables		(5,711,718)	6,125,138
(Increase)/decrease in prepayments and accrued income		(242,458)	34,492
Decrease in trade and other payables		(602,142)	–
Net cash flows from/(used in) operating activities		(2,998,450)	6,105,465
Investing activities			
Investment in subsidiaries	14	(1,120,000)	(1,000,000)
Issue of long-term subordinated debt		(2,052,000)	(2,000,000)
Repayment of long-term subordinated debt		–	–
Interest received		–	7,858
Net cash inflow for the disposal of the Irish Financial Spread Betting Division and Sports Betting Division	25	6,303,644	–
Net cash flows from/(used in) investing activities		3,131,444	(2,992,142)
Financing activities			
Repayment of borrowings		–	(2,936,732)
Interest paid		–	(211,359)
Issue of shares for cash		–	40,261
Net cash flows (used in)/from financing activities		–	(3,107,830)
Net increase/(decrease) in cash and cash equivalents		132,994	5,493
Cash and cash equivalents at 1 April		7,594	2,101
Cash and cash equivalents at 31 March	17	140,588	7,594

Notes to the Financial Statements

for the year ended 31 March 2010

1 Corporate Information

WorldSpreads Group plc's (the Company) and its subsidiaries (the Group) principal activity is the running of a betting market on a wide range of financial markets. The Group is headquartered in Ireland and provides its services principally in the UK and has expanded its operations into other European countries and now offers products in Greece, Spain, Hungary, France, Germany, Portugal, Poland, Slovenia, Denmark and Sweden. The Group also has a subsidiary in Malaysia through which it develops its proprietary trading and IT systems.

The Company is incorporated and domiciled in the Republic of Ireland. The address of its registered office is set out on the inside back cover.

2 Accounting Policies

(a) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments and share-based payments that have been measured at fair value. The consolidated financial statements are presented in Euro, which is denoted by the symbol €.

The Group has adopted Amendment to IFRS 7 Improving disclosures about financial instruments, IFRS 8 Operating segments and the amendments to IAS 1 Presentation of financial statements in its annual report and accounts for the year ended 31 March 2010.

Amendment to IFRS 7 Financial Instruments Disclosures: require extended disclosures about fair value measures and liquidity risk. IFRS 8 Operating Segments: IFRS 8 sets out requirements for disclosure of information about an entity's operating segments. Revisions to IAS 1 led to the introduction of a Income Statement for the presentation of other comprehensive income separately from the statement of changes in equity.

The Group disposed of its Sports Betting Division in April 2009 and as such has adopted the provisions of IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations. As a result the Sports Betting Division was treated as a discontinued operation and its post-tax results, for the prior year, was shown separately on the face of the Income Statement along with the impairment provision recognised on the measurement to fair value of its assets. The fair value of the assets of the Sports Betting Division is disclosed in a single line in the statement of financial position in the prior year as assets held for sale.

The Group disposed of its Irish Financial Spread Betting Division in December 2009 and as such has adopted the provisions of IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations. As a result the Irish Financial Spread Betting Division was treated as a discontinued operation and its post-tax results, for the current and prior years, shown separately on the face of the Income Statement.

The cash flows from continuing operations have been presented for the current and prior year. The detailed Income Statement for both divisions and the impairment calculation for the Sports Betting Division are set out in Note 25.

(b) Statement of compliance

The consolidated financial statements of WorldSpreads Group plc are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in accordance with the Companies Acts, 1963 to 2009 applicable to companies reporting under IFRS.

(c) Basis of consolidation

The consolidated financial statements of the Group comprise the financial statements of WorldSpreads Group plc and its subsidiaries for the year ended 31 March 2010. The financial statements of the subsidiaries are prepared for the same reporting year as the Company, using consistent accounting policies.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

All inter-company balances and transactions, including unrealised profits arising from them, are eliminated.

(d) Significant accounting judgements and estimates

The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The most significant judgements and estimates are as follows:

Share-based payments

The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen (see Note 21).

Fair value of derivative financial instruments

Futures prices are calculated by adding the applicable interest charge to the market value of the instrument.

Impairment losses on trade and other receivables

The Company reviews its individually significant trade and other receivables at each reporting date to assess whether an allowance for impairment should be recorded in the Income Statement. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Valuation of "Sale Shares"

As part of the sale of WorldSpreads (Ireland) Limited, the Group received rights to the proceeds from the sale of 1,885,579 shares in WorldSpreads Group plc the "Sale Shares" (as defined in Note 25) which had been held by the management team who were parties to the buy-out. These are considered financial assets as the Group is entitled to the proceeds only and has no rights to vote or receive dividends from these shares. The sale of the shares is subject to a Placing Agreement which provides that the obligation is on the Placing Agent (in this case the Group's broker Collins Stewart) to place the Sale Shares on a reasonable endeavours basis only and at Collins Stewart's sole discretion having regard for the need to maintain an orderly market in PLC's shares.

These financial assets are classified as fair value through the profit and loss and its fair value requires the consideration of certain assumptions and estimates. The fair value is determined by the price the Group's shares are trading at in the market and the relevant exchange rate at that time. The Group has assessed that the declaration of a dividend would not impact the fair value of the shares as dividends would be paid only following positive performance by the Group and as such would be positive for the underlying value of the shares.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(e) Foreign currency

The financial statements are presented in Euros, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate ruling at the date of the transaction. All differences are taken to the Income Statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

The functional currency of WorldSpreads Limited, the Group's UK regulated financial spread betting division, is pounds Sterling. As at the reporting date, the assets and liabilities of this subsidiary are translated into the presentation currency of WorldSpreads Group plc at the rate of exchange ruling at the statement of financial position date and the Income Statement is translated at the weighted average exchange rate for the year. The exchange differences arising on the translation are taken directly to the Statement of Comprehensive Income.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and provisions for impairment, if any. Property, plant and equipment are depreciated on a straight-line basis over their estimated useful economic lives.

The Group uses the following useful lives when calculating depreciation:

Furniture and fittings	10 years
Office equipment	10 years
Computer equipment	3-4 years
Leasehold improvements	10 years

The Group reviews its depreciation rates regularly, at least annually, to take account of any change in circumstances. When deciding on useful lives and methods, the principal factors that the Group takes into account are the expected rate of technological developments, expected market requirements for and the expected pattern of usage of the assets.

(g) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised over their useful economic lives as follows:

Financial trading system	3-5 years
Computer software	3-5 years

(h) Financial instruments

The Group determines the classification of the financial instruments at initial recognition in accordance with the categories outlined below. When financial instruments are recognised initially, they are measured at fair value, being the transaction price plus, in the case of financial assets and financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Financial assets and financial liabilities at fair value through profit or loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through the profit and loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by the management.

Notes to the Financial Statements (continued)

for the year ended 31 March 2010

2 Accounting Policies (continued)

(h) Financial instruments (continued)

Derivatives are categorised as held for trading. Financial assets and liabilities at fair value through profit or loss are recorded in the Statement of Company Position at fair value. Changes in fair value are recorded in 'Net gain or loss on financial assets and liabilities held for trading'.

Financial spread betting contracts are classified as derivatives and are measured initially at fair value on the date on which the derivative contract is entered into and subsequently remeasured at fair value with gains or losses recognised in the Income Statement.

The "Sale Shares" (as defined in Note 25) are classified as financial assets designated at fair value through the profit and loss.

Determination of fair value

Spread betting contracts and other derivative financial instruments are stated at fair value determined by reference to third-party, market counterparties and quoted market values (bid prices for long positions and offer prices for short positions) adjusted for the value of the spread related to each instrument which is charged by the Group to clients.

Future prices are calculated by adding the applicable interest charge to the market value of the instrument.

Financial liabilities at amortised cost

Obligations for loans and borrowings are recognised when the Group becomes party to the related contracts. All interest-bearing loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the Income Statement when the liabilities are derecognised as well as through the amortisation process.

Trade receivables and trade payables

Assets or liabilities resulting from profits or losses on closed positions are reported as trade receivables or trade payables. The amounts are netted against other assets and liabilities with the same counterparty where a legally enforceable netting agreement is in place and where it is anticipated that assets and liabilities will be netted on settlement.

Purchases and sales of financial assets are accounted for at trade date.

Include the "Sale Shares" (as defined in Note 25) are stated at fair value determined by the price the Group's shares are trading at in the market and the relevant exchange rate at that time.

(i) Derecognition of financial assets and liabilities

Financial assets

A financial asset is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
- the Company has transferred substantially all the risks and rewards of the asset; or
- the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(j) Share-based payment scheme

Eligible employees of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions). The fair value of the employee services received is measured by reference to the fair value of the shares or share options granted on the date of the grant. The fair value of the shares or options granted is determined using option pricing models, which take into account the exercise price of the option and the share price at date of grant of the option, and the risk free interest rate, further details of which are given in Note 21.

The cost of the equity-settled transaction with employees, for awards granted after 7 November 2002 which vested after 1 April 2004, is recognised, together with a corresponding increase in equity over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the options (the vesting date). The Income Statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified.

An additional expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the counterparty are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

(k) Leases

Operating lease payments are recognised as an expense in the Income Statement on a straight-line basis over the lease term.

(l) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and at hand demand deposits and other short-term highly liquid investments with maturities of three months or less. For the purposes of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

The Group holds money on behalf of clients in accordance with the client money rules of the Irish Financial Services Regulatory Authority (IFSRA) and the Financial Services Authority of the United Kingdom (FSA). This money is included within cash and cash equivalents on the statement of financial position and the corresponding liability to clients is included in trade and other payables.

(m) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired.

If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. Impairment losses are recognised in the Income Statement in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted

in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(n) Impairment of financial assets

The Group assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired. A provision for impairment of trade receivables is established where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

The Group considers a number of factors when assessing whether there is objective evidence of impairment such as:

- significant financial difficulty of the client, market counterparty or bank;
- it becoming probable that the client, market counterparty or bank will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for the underlying contract entered into with the client or market counterparty; and
- breach of contract entered into with a client, market counterparty or bank.

The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible. The Group classifies a client debtor account as neither past due nor impaired where there has been trading activity on the client account within the previous 30 days.

(o) Interest in joint ventures

A jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest. The Group's interests in joint ventures are recognised using the equity method of accounting.

Under the equity method, the interest in the joint venture is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of its net assets, less distributions received and less any impairment in value of individual investments.

Notes to the Financial Statements (continued)

for the year ended 31 March 2010

2 Accounting Policies (continued)

(o) Interest in joint ventures (continued)

The Group Income Statement reflects the share of the jointly controlled entity's results after tax. The Group statement of changes in equity reflects the Group's share of any income and expense recognised by the jointly controlled entity outside profit and loss. The Group will discontinue the use of the equity method from the date on which it ceases to have joint control over a jointly controlled entity.

(p) Recognition of revenue and expenses

Revenue is measured at the fair value of consideration accrued, excluding value-added tax and betting taxes. The services provided by the Group include financial spread betting.

Revenue represents gains and losses on the running of betting markets and trading in financial markets. Open positions are carried at fair market value and gains and losses arising on this valuation are recognised in revenue as well as gains and losses on positions that have closed. Finance income and expense is recognised as interest accrues using the effective interest rate which is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument to the net carrying amount of the financial instrument. Administrative expenses are recognised on an accruals basis. Interest income and expense on open positions is accounted for using the effective interest rate and is included in revenue and cost of sales respectively. The effective interest rate is the rate that exactly discounts the future expected cash flow to the carrying amount of the asset or liability.

The Group has agreements with third-party introducing agents whereby the introducing agents introduce clients to WorldSpreads. In return for this WorldSpreads pays commissions to the introducing agents either based client's profits or losses or client activity. These commissions are recognised in cost of sales on an accruals basis.

(q) Taxes

Current tax assets and liabilities from the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

Deferred income tax is recognised on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax to be utilised. Unrecognised deferred income tax assets are reassessed at each statement of financial position date and are recognised to the extent that it has become probable that future profit will allow the deferred tax asset to be recovered.

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the Income Statement.

(r) Investment in subsidiaries

Investments are stated at cost, unless, in the opinion of the directors, there has been a permanent diminution in value, in which case an appropriate adjustment is made.

(s) Changes in accounting standards

The IFRS adopted by the EU applied by the Company in the preparation of these financial statements are those that were effective for accounting periods ending on or before 31 March 2010. The following IFRSs became effective during the year and have been adopted by the Company:

Amendments to IAS 1 Presentation of Financial Statements: these amendments change certain requirements for the presentation of financial statements and require additional disclosures in certain circumstances, in order to improve users' ability to analyse and compare the information provided in financial statements. The amendments distinguish between changes in equity arising from transactions with owners acting as owners (e.g. dividends and share buy backs) and changes arising from 'non-owner' transactions. IAS 1 also introduces new reporting requirements when the entity applies a change in accounting policy retrospectively, makes a restatement or reclassifies items in previously issued statements. The Company has elected to present comprehensive income in two separate statements of income and comprehensive income. Information about the individual components of comprehensive income as well as the tax effects has been disclosed.

Amendment to IFRS 7 Financial Instruments Disclosures: require extended disclosures about fair value measures and liquidity risk, the most significant for the former being the disclosure requirement for financial instruments measured at fair value to be classified using the fair value measurement hierarchy. The adoption of the amendments results in additional disclosures but does not have any effect on the financial position or comprehensive income of the Company.

IFRS 8 Operating Segments: IFRS 8 sets out requirements for disclosure of information about an entity's operating segments and replaces IAS 14. The main new development introduced by this new standard is that it requires an entity to adopt a management approach when reporting on the financial performance of its business segments. The information to be reported will generally be that used internally by management to assess the profit or loss of the segments and to allocate resources among them. The adoption of the amendments does not have any effect on the financial position or comprehensive income of the Group.

(t) New and revised accounting standards and interpretations not yet effective

The following IFRS have been adopted by the EU but were not effective as at 31 March 2010 and have not been adopted by the Company in these financial statements. Unless otherwise stated, the effective dates mentioned below refer to annual financial periods beginning on or after the date shown.

The revisions to *IFRS 3 Business Combinations* and *IAS 27 Consolidated and Separate Financial Statements* (both effective 1 July 2009) were published as a package in January 2008, together with consequential amendments to other Standards, most notably *IAS 28 Investments in Associates* and *IAS 31 Interest in Joint Ventures*.

IFRS 1 First Time Adoption of International Financial Reporting Standards: Additional exemptions for First-time Adopters.

The amendments to *IAS 39 Financial Instruments: Recognition and Measurement* (effective 1 July 2009) provide clarification on two issues in relation to hedge accounting; identifying inflation as a hedged risk, and hedging with options.

Amendments to *IFRS 2 Share-based Payment (1 January 2010):* at times share-based payments are not settled by the entity that received the goods or services, but rather by its parent or another group entity. The proposed amendment indicates that, even in this case, the entity that receives the goods must recognise this transaction regardless of whether another group entity settles the related amount and of whether settlement is made in cash or in shares.

IFRIC 17 Distributions of Non-Cash Assets to Owners: this interpretation addresses the accounting treatment of the distribution of non-cash assets to owners ("individuals") although its scope does not include distributions of assets within a group or between jointly controlled entities. The interpretation requires an entity to measure the dividend payable at the fair value of the assets to be distributed and to recognise any difference with respect to the carrying amount of the asset in profit or loss.

None of the above new Standards, Amendments or Interpretations are expected to have an impact on the Company's reported financial position when adopted. To the extent applicable the Standards will require new or additional disclosures to be made.

3 Interest in Joint Ventures

	2010 €	2009 €
At beginning of year	17,500	47,561
Reclassified as Assets Held for Sale	–	(30,061)
Dissolved	(17,500)	–
At end of year	–	17,500
Group's share of:		
Current assets	–	17,500
Current liabilities	–	–
Exchange adjustment	–	–
Interests in joint ventures	–	17,500

WorldSpreads Group plc had a 50% interest in WorldSpreads Finanzservice GmbH, a jointly controlled entity which will offer financial spread betting to the Austria and German markets. This joint venture never traded and was dissolved during the year.

WorldSpreads Group plc had a 50% interest in Phumelela Gaming and Leisure Service (PTY) Limited, a jointly controlled entity which offers sports spread betting to clients in South Africa. This joint venture was operated through its subsidiary Sports Spread Betting (Ireland) Limited which was disposed of during the year and as a result the Group's interest was part of discontinued operations in the prior year and was classified as part of "Assets Held for Sale", see Note 25.

At 31 March 2010, the Group had neither capital commitments nor contingent liabilities, whether incurred jointly or otherwise, in relation to any joint venture.

Notes to the Financial Statements (continued)

for the year ended 31 March 2010

4 Segment Information

For management purposes, the Group is organised into business units based on the geographical location and has three reportable segments, two continuing and one discontinued as follows:

- The United Kingdom financial spread trading segment
- The international financial spread trading segment
- The Irish financial spread trading segment

No operating segments have been aggregated to form the above reportable operating segments. Management monitors the results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating revenue and segment profit before tax. Group financing (including finance costs and finance revenue) and assets and liabilities are managed on a group basis and are not allocated to operating segments.

2010	Continuing operations				Discontinued operations	
	International Financial spread betting €	UK Financial spread betting €	Unallocated €	Total €	Irish financial spread betting €	Total operations €
Revenue						
Sales to external customers	4,820,019	8,067,843	–	12,887,862	2,145,010	15,032,872
Total revenue	4,820,019	8,067,843	–	12,887,862	2,145,010	15,032,872
Operating profit	1,095,114	1,643,116	–	2,738,230	(2,428,544)	309,686
Unallocated operating profit	–	–	297,322	297,322	–	297,322
Write off of investment in joint venture	–	–	–	–	(17,500)	(17,500)
Finance income/(expense) net	–	(33,145)	–	(33,145)	48,715	15,570
Profit on disposal of Irish Division	–	–	–	–	5,504,965	5,504,965
Income tax expense	(149,758)	(226,485)	–	(376,243)	–	(376,243)
Deferred taxation	(151,720)	(227,814)	–	(379,534)	–	(379,534)
Profit after tax	793,636	1,155,672	297,322	2,246,630	3,107,636	5,354,266
Assets and liabilities						
Segment assets	1,817,464	42,356,450	–	44,173,914	–	44,173,914
Unallocated Parent Company assets	–	–	5,206,169	5,206,169	–	5,206,169
Total assets	1,817,464	42,356,450	5,206,169	49,380,083	–	49,380,083
Segment liabilities	7,002,264	19,242,260	100,000	26,344,524	–	26,344,524
Total liabilities	7,002,264	19,242,260	100,000	26,344,524	–	26,344,524
Other segment information						
Non-current assets	–	1,140,081	3,561,720	4,701,801	–	4,701,801
Capital expenditure:						
Property, plant and equipment	–	730,300	28,145	758,445	15,977	774,422
Intangible assets	–	124,073	1,641,562	1,765,635	96,882	1,862,517
Depreciation	–	171,296	–	171,296	83,611	254,907
Amortisation	–	146,604	–	146,604	158,448	305,052
Impairment of receivables	–	607,605	–	607,605	305,500	913,105

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Group's total revenue in 2010. All revenues from continued operations are derived from foreign countries.

2009 (restated)	Continuing operations				Discontinued operations			Total operations €
	International Financial spread betting €	UK Financial spread betting €	Unallocated €	Total €	Irish financial spread betting €	Sports betting €	Total €	
Revenue								
Sales to external customers	2,138,680	4,823,269	–	6,961,949	7,977,274	(50,005)	7,927,269	14,889,218
Total revenue	2,138,680	4,823,269	–	6,961,949	7,977,274	(50,005)	7,927,269	14,889,218
Operating profit before non-recurring items	137,365	311,877	–	449,242	4,159,900	(1,501,940)	2,657,960	3,107,202
Unallocated operating loss	–	–	(54,163)	(54,163)	–	–	–	(54,163)
Finance income/(expense) net	–	54,078	(203,502)	(149,424)	152,096	1,311	153,407	3,983
Share of results of joint venture	–	–	–	–	–	2,014	2,014	2,014
Impairment loss recognised in Income Statement on the measurement to fair value of the Sports Division assets	–	–	–	–	–	(660,000)	(660,000)	(660,000)
Income tax expense	–	(32,463)	–	(32,463)	(295,987)	–	(295,987)	(328,450)
Deferred taxation	–	(149,812)	–	(149,812)	–	(20,009)	(20,009)	(169,821)
Profit after tax	137,365	183,680	(257,665)	63,380	4,016,009	(2,178,624)	1,837,385	1,900,765
Assets and liabilities								
Segment assets	2,205,179	23,604,901	–	25,810,080	16,869,843	1,168,671	18,038,514	43,858,594
Investment in joint venture	–	–	–	–	17,500	33,100	50,600	50,600
Unallocated Parent Company assets	–	–	48,541	48,541	–	–	–	48,541
Total assets	2,205,179	23,604,901	48,541	25,858,621	16,887,343	1,201,771	18,089,114	43,947,735
Segment liabilities	8,424,168	10,689,206	–	19,113,374	6,339,878	1,090,312	7,430,190	26,543,564
Total liabilities	8,424,168	10,689,206	–	19,113,374	6,339,878	1,090,312	7,430,190	26,543,564
Other segment information								
Non-current assets	–	524,733	13,564	538,297	1,141,779	–	1,141,779	1,680,076
Capital expenditure:								
Property, plant and equipment	–	176,545	9,851	186,396	111,035	6,616	117,651	304,047
Intangible assets	–	7,012	206,276	213,288	249,129	–	249,129	462,417
Depreciation	–	118,005	–	118,005	75,940	47,935	123,875	241,880
Amortisation	–	234,664	–	234,664	178,299	6,239	184,538	419,202
Impairment of receivables	–	239,700	–	239,700	204,112	6,807	210,919	450,619
Impairment loss recognised in Statement of Comprehensive Income on the measurement to fair value of the Sports Division assets	–	–	–	–	–	(660,000)	(660,000)	(660,000)

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Group's total revenue in 2009. All revenues from continued operations are derived from foreign countries.

5 Revenue

	2010 €	Restated 2009 €
Net gain on financial assets/financial liabilities held for trading	10,418,836	6,489,137
Interest income on open positions	2,469,026	472,812
	12,887,862	6,961,949

Notes to the Financial Statements (continued)

for the year ended 31 March 2010

6 Cost of Sales

	2010 €	Restated 2009 €
Brokerage and commissions	2,605,609	2,378,168
Betting duty	39,311	96,400
Interest expense on open positions	565,352	403,542
	3,210,272	2,878,110

7 Administrative Expenses

	2010 €	Restated 2009 €
Wages and salaries	2,293,529	1,620,972
Social welfare costs	264,168	195,856
Pension contributions	10,851	0
Depreciation	171,296	118,005
Amortisation	146,604	233,997
Auditors' remuneration	140,633	145,765
Exchange translation	90,238	119,990
Provision for impairment of trade receivables	607,605	239,700
Advertising and marketing expenses	578,847	678,320
Reuters/Bloomberg fees	582,543	494,959
Legal and professional expenses	357,799	169,324
Telephone and postage	58,483	75,115
Operating lease expense	124,424	126,792
Software and network maintenance	256,986	259,415
Travel and accommodation	141,886	81,833
Costs recharged to disposed subsidiary	–	(1,136,178)
General administrative expenses	816,146	263,894
	6,642,038	3,687,759

The average number of persons employed by the Group during the year was as follows:

	2010 Number	Restated 2009 Number
Administration	21	9
Sports trading	–	–
Financial trading	10	11
IT Development	15	14
	46	34

8 Finance Income

	2010 €	Restated 2009 €
Interest income	32,759	140,012

9 Finance Expense

	2010 €	Restated 2009 €
Bank loan and overdraft interest	65,904	289,437

10 Income Taxation

	2010 €	Restated 2009 €
Current income tax:		
Current income tax charge	376,243	33,463
Current tax charge in the Consolidated Income Statement	376,243	33,463
Deferred taxation:		
Relating to origination and reversal of temporary differences	393,823	119,260
Prior year adjustments	(14,289)	30,552
Deferred tax charge in the Consolidated Income Statement	379,534	149,812
Tax charge in the Consolidated Income Statement	755,777	183,275
Analysed as follows:		
Irish income taxation	–	–
UK income taxation	755,777	183,275
Tax charge in the Consolidated Income Statement	755,777	183,275

A reconciliation between taxation on profits at the Irish Corporation Tax rate and the Group's actual tax charge is as follows:

	2010 €	Restated 2009 €
Accounting profit before tax	3,002,407	246,655
Tax on profit at 12.5% (2009: 12.5%)	375,301	30,832
Effects of:		
Expenses not deductible	14,199	42,730
Income tax at 25% and 28%	417,731	79,161
(Over)/under provision in prior year	(14,289)	30,552
Group relief	(37,165)	–
Taxation charge for year	755,777	183,275

Deferred income tax

Deferred income tax at 31 March relates to the following:

	Consolidated Statement of Financial Position		Consolidated Income Statement		Consolidated Statement of Changes in Shareholders' Equity	
	2010 €	2009 €	2010 €	2009 €	2010 €	2009 €
Deferred income tax assets:						
Accelerated capital allowances	14,888	11,099	3,913	38,003	–	–
Losses available for offset against future taxable income	–	366,054	(397,736)	(173,048)	–	–
Short-term timing differences	15,785	15,785	–	15,785	–	–
Adjustments in respect of prior periods	–	–	14,289	(30,552)	–	–
Foreign exchange movement on UK subsidiary	–	–	–	–	17,269	(71,997)
	30,673	392,938	(379,534)	(149,812)	17,269	(71,997)
Losses available for offset against future taxable income pertaining to discontinued operations	–	79,137	–	(20,009)	–	–
	30,673	472,075	(379,534)	(169,821)	17,269	(71,997)

The Group has tax losses in the United Kingdom of €Nil (2009: €1,359,794) that are available indefinitely for offset against future taxable profits of the companies in which the losses arose. Deferred tax assets have been recognised in respect of these losses and other temporary differences as it is probable that future taxable profit would be available against which the tax losses can be utilised.

Notes to the Financial Statements (continued)

for the year ended 31 March 2010

11 Earnings Per Share

	2010 €	Restated 2009 €
Basic		
Profit attributable to ordinary shareholders:		
From continuing operations	2,246,630	63,380
From discontinued operations	3,107,636	1,837,385
	5,354,266	1,900,765
Weighted average number of shares in issue during the year	39,363,322	39,363,322
Basic earnings per share:		
From continuing operations	0.057	0.002
From discontinued operations	0.079	0.047
Basic earnings per share	0.136	0.049

	2010 €	Restated 2009 €
Diluted		
Profit attributable to ordinary shareholders:		
From continuing operations	2,246,630	63,380
From discontinued operations	3,107,636	1,837,385
	5,354,266	1,900,765
Weighted average number of shares in issue during the year	39,363,322	39,363,322
Effect of dilution:		
Number of shares under options	3,065,075	3,935,075
Number of shares that would have been issued at average market price	(2,637,333)	(2,656,089)
Weighted average number of ordinary shares adjusted for the effects of dilution	39,791,064	40,632,308
Basic earnings per share:		
From continuing operations	0.056	0.002
From discontinued operations	0.078	0.045
Basic earnings per share	0.134	0.047

12 Property, Plant and Equipment

2010	Office equipment €	Computer equipment €	Furniture & fittings €	Leasehold improvements €	Total €
Group					
Cost					
Opening balance	80,691	703,036	152,347	413,263	1,349,337
Disposals due to discontinued operations	(30,870)	(289,610)	(110,766)	(410,153)	(841,399)
Reclassification	(49,821)	–	49,821	–	–
Additions during year	28,145	140,861	–	605,416	774,422
Foreign currency translation	–	17,398	4,158	295	21,851
At 31 March 2010	28,145	571,685	95,560	608,821	1,304,211
Depreciation					
Opening balance	43,061	319,231	33,897	54,995	451,184
Disposals due to discontinued operations	(16,557)	(157,065)	(26,153)	(84,058)	(283,833)
Reclassification	(39,896)	–	39,896	–	–
Charged in year	13,392	177,007	16,963	47,345	254,707
Foreign currency translation	–	8,367	461	0	8,828
At 31 March 2010	–	347,540	65,064	18,282	430,886
Net book value					
At 31 March 2010	28,145	224,145	30,496	590,539	873,325

2009	Office equipment €	Computer equipment €	Furniture & fittings €	Leasehold improvements €	Total €
Group					
Cost					
Opening balance	149,920	1,221,307	259,031	410,153	2,040,411
Reclassified as held for sale	(77,479)	(740,908)	(115,447)	–	(933,834)
Additions during year	16,099	264,880	13,342	3,110	297,431
Foreign currency translation	(7,849)	(42,243)	(4,579)	–	(54,671)
At 31 March 2009	80,691	703,036	152,347	413,263	1,349,337
Depreciation					
Opening balance	65,847	722,207	74,340	13,672	876,066
Reclassified as held for sale	(35,459)	(496,050)	(61,164)	–	(592,673)
Charged in year	17,351	112,930	22,341	41,323	193,945
Foreign currency translation	(4,678)	(19,856)	(1,620)	–	(26,154)
At 31 March 2009	43,061	319,231	33,897	54,995	451,184
Net book value					
At 31 March 2009	37,630	383,805	118,450	358,268	898,153

13 Intangible Assets

2010	Financial trading systems €	Computer software €	Total €
Group			
Cost			
Opening balance	1,554,796	96,850	1,651,646
Disposals due to discontinued operations	–	(193,732)	(193,732)
Additions during year	1,765,635	96,882	1,862,517
Foreign currency translation	29,814	–	29,814
At 31 March 2010	3,350,245	–	3,350,245
Amortisation			
Opening balance	863,834	23,390	887,224
Disposals due to discontinued operations	–	(39,646)	(39,646)
Charged in year	288,796	16,256	305,052
Foreign currency translation	19,139	–	19,139
At 31 March 2010	1,171,769	–	1,171,769
Net book value			
At 31 March 2010	2,178,476	–	2,178,476

Notes to the Financial Statements (continued)

for the year ended 31 March 2010

13 Intangible Assets (continued)

2009	Financial trading systems €	Computer software €	Total €
Group			
Cost			
Opening balance	1,135,171	79,167	1,214,338
Reclassified as held for sale	–	(44,213)	(44,213)
Additions during year	400,521	61,896	462,417
Foreign currency translation	19,104	–	19,104
At 31 March 2009	1,554,796	96,850	1,651,646
Amortisation			
Opening balance	528,300	49,083	577,383
Reclassified as held for sale	–	(38,778)	(38,778)
Charged in year	399,878	13,085	412,963
Foreign currency translation	(64,344)	–	(64,344)
At 31 March 2009	863,834	23,390	887,224
Net book value			
At 31 March 2009	690,962	73,460	764,422

14 Investment in Subsidiaries

	The Company €
Investments in subsidiary undertakings at cost	
As at 31 March 2007	5,471,127
Share option expense in subsidiary	50,233
As at 31 March 2008	5,521,360
Funds invested in WorldSpreads (Ireland) Limited	1,000,000
As at 31 March 2009	6,521,360
Conversion of subordinate debt into equity in WorldSpreads Limited	2,447,100
Funds invested in WorldSpreads Limited	1,120,000
Disposal of Sports Spread Betting (Ireland) Limited, Supreme Odds Limited and WorldSpreads (Ireland) Limited	(1,419,203)
As at 31 March 2009	8,669,257

	2010 Percentage of ordinary share capital held by the Company	2009 Percentage of ordinary share capital held by the Company	Activity
WorldSpreads Limited	100%	100%	Provision of a betting market
WorldSpreads International Limited	100%	100%	Sales and marketing
WorldSpreads (Malaysia) Sdn. Bhd.	100%	100%	IT development
Leisure Spread (NI) Limited	100%	100%	Non-trading
WorldSpreads (Ireland) Limited	0%	100%	Provision of a betting market
Sports Spread Betting (Ireland) Limited	0%	100%	Provision of a betting market
Supreme Odds Limited	0%	100%	Provision of a betting market

WorldSpreads International Limited is incorporated in the Republic of Ireland and has its registered offices at Hambleden House, 19-26 Lower Pembroke Street, Dublin 2. WorldSpreads Limited is incorporated in the United Kingdom and has its registered office at 3 Minster Court, Mincing Lane, London. Leisure Spread (Northern Ireland) Limited has its registered office at 86 Hill Street, Newry. WorldSpreads (Malaysia) Sdn. Bhd. is incorporated in Malaysia and has its registered office at 140-M, Jalan Tun Sambanthan, 50470 Kuala Lumpur, Malaysia. The Malaysian operations have been developing an

updated trading platform for the Group and have not been involved with the Group's existing systems. As a result the costs associated with this operation for the period ended 31 March 2009 were capitalised in prepayments. These costs and the costs incurred during the year ended 31 March 2010 were capitalised as intangible assets on 31 March 2010 upon the launch of the Group's new trading platform.

In the opinion of the Directors, the carrying value of the investment in subsidiary companies does not differ significantly from the recoverable value.

15 Derivative Financial Instruments

The tables below show the fair value of derivative financial instruments, recorded as assets or liabilities, together with total number of open bets.

	Assets 2010 €	Liabilities 2010 €	Number of open bets
Financial spread betting contracts	8,140,481	6,924,730	11,276
	Assets 2010 €	Liabilities 2010 €	Number of open bets
Sports betting contracts (Note 25 classified as discontinued)	91,735	4,551	89
Financial spread betting contracts	9,667,494	3,283,052	4,747

The number of open bets indicates the volume of transactions outstanding at the year end and is indicative of neither the market nor the credit risk. Financial spread betting contracts include spot and futures contract on equities, currencies, commodities, indices and interest rates.

16 Trade and Other Receivables Group

	2010 €	2009 €
Current portion of the deferred consideration arising on the discount of the Irish Financial Spread Betting Division	1,575,000	–
Shares held as part of the consideration arising on the disposal of the Irish Financial Spread Betting Division	1,696,569	–
Trade receivables	5,033,418	8,190,887
Impairment provision	(377,560)	(626,339)
	7,927,427	7,564,548

	2010 €	2009 €
Movement in the provisions for impairment:		
As at 1 April	626,339	351,758
Charge for the year	607,605	443,812
Amount written off during the year	(856,384)	(169,231)
As at 31 March	377,560	626,339

As at 31 March, the ageing analysis of trade receivables is as follows:

	Total €	Neither Past Due or Impaired €	Past Due but not impaired <60 days €	>60 days €
2010	7,927,427	6,419,790	66,379	1,441,258
2009	7,564,548	4,800,622	468,262	2,295,664

A minority of the Group's clients are permitted to deal without funds on account or in circumstances where they may be exposed to losses greater than the cash balance on their account. These credit facilities are granted under the terms of the Group's formal credit policies. As a result of this the Group is exposed to credit risk from time to time if a debtor is unable to pay the sums due to the Group. The Group makes impairment provisions if there is an objective evidence of impairment such as the client's current financial position or prior funding history.

Trade debtors include security obtained as collateral from clients in the form of quoted securities in the amount of €Nil (2009: €1,294,000), which are exercisable on default and are readily convertible into cash.

Company

	2010 €	2009 €
Amounts due from Group companies	7,776,245	4,365,373
Current portion of the deferred consideration arising on the discount of the Irish Financial Spread Betting Division	1,575,000	–
Shares held as part of the consideration arising on the disposal of the Irish Financial Spread Betting Division	1,696,569	–
	11,047,814	4,365,373

Notes to the Financial Statements (continued)

for the year ended 31 March 2010

17 Cash and Cash Equivalents

	2010 €	2009 €
Group		
Cash at bank and in hand	26,839,727	22,367,768

Company

Cash at bank and in hand	140,588	7,594
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Cash at bank earns interest at floating rates based on Euribor and Libor plus a margin. The fair value of cash is €26,839,727 (2009: €22,367,768).

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise the following at 31 March:

	2010 €	2009 €
Cash at bank and in hand	26,839,727	22,367,768
Bank overdrafts (Note 19)	(635,953)	(553,496)
	26,203,774	21,814,272

Balances with market counterparties of €17,160,211 (2009: €10,358,340) are treated as cash as they are recoverable on demand.

Included in the cash balance are amounts contained in client segregated accounts in the amount of €20,822,161 (2009: €10,007,727).

18 Issued Share Capital

	2010 €	2009 €
Authorised		
60,000,000 Ordinary shares of €0.015 each	900,000	900,000

	2010 €	2009 €
Ordinary shares issued and fully paid		
39,363,322 (2009: 39,363,322) Ordinary shares of €0.015 each	590,450	590,450

Movement in allotted, called up and fully paid share capital.

	2010 Number	2009 Number	2010 €	2009 €
Balance at 1 April	39,363,322	39,303,322	590,450	589,550
New issue of shares for cash	–	60,000	–	900
At 31 March	39,363,322	39,363,322	590,450	590,450

During the year ended 31 March 2009, the allotted, called up and fully paid share capital of the Group was increased from €589,550 to €590,450 due to the issue of 60,000 Ordinary shares following the exercise of options. Of this total, 40,000 shares issued for cash at a price of €0.6284 and 20,000 shares issued for cash at a price of GBP£0.60 (€0.76). The proceeds of these issues, amounting to €40,261, were split between share capital of €900 and share premium of €39,361.

Other reserves

Merger reserve

During the year ended 31 March 2002, the Group underwent a reconstruction programme. The share capital of Sports Spread Betting (Ireland) Limited and SSP Limited was acquired by the Group. The shareholders of Sports Spread Betting (Ireland) Limited and SSP Limited were issued shares in WorldSpreads Group plc (previously known as WorldSpreads Group Limited and Leisure Spread Limited) in proportion to their holding in Sports Spread Betting (Ireland) Limited and SSP Limited.

The Group's reconstruction met the conditions as set out under Irish GAAP and in accordance with that standard, the merger reserve was created. On transition to IFRSs, no adjustment was carried out due to availing of exemption under IFRS 1 in respect of applicability of IFRS 3 Business Combinations.

Other reserves

Reserves arising on foreign currency movements on the translation of the UK subsidiary.

A profit of €9,062,833 (2009: loss of €917,666) of the Group profit attributable to ordinary shareholders is dealt with in the accounts of the parent undertaking. The Company is availing of the exemption set out in section 148(8) of the Companies Act 1963 and section 7(IA) of the Companies (Amendment) Act 1986 from presenting its individual profit and loss account to the Annual General Meeting and from filing it with the Register of Companies.

19 Interest Bearing Loans and Borrowings

Group

	Effective interest rate %	Maturity of facility	2010 €	2009 €
Current				
Bank overdrafts	2.25%	September 2010	635,953	553,496
Royal Bank of Scotland loan	2.54%	September 2010	1,687,050	1,459,216
			2,323,003	2,012,712

Bank loans and overdrafts

The Group has banking facility with Royal Bank of Scotland plc. This facility amounted to €2,249,400 (£2,000,000) (2009: €2,161,800 (£2,000,000)) and is renewable on an annual basis. It is secured by a first unscheduled mortgage debenture by the Group incorporating a fixed and floating charge over all the current and future assets of the Group and a debenture from WorldSpreads Limited and share charge granted by the Parent Company. The Group also has a credit card facility of €28,118 (£25,000) (2009: €27,023 (£25,000)) with Royal Bank of Scotland.

20 Trade and Other Payables

	2010 €	2009 €
Group		
Trade payables	16,343,027	19,412,148
Accrued expenses	376,490	609,187
	16,719,517	20,021,335

Included in trade payables are amounts matching balances on client segregated bank accounts in the amount of €20,822,161 (2009: €10,007,727).

	2010 €	2009 €
Company		
Other payables	100,000	42,142
Impairment provision on the re-measurement to fair value of the Sports Division	–	660,000
	100,000	702,142

21 Share Option Scheme

The Group's share option scheme is available for eligible employees who are nominated by the Remuneration Committee at its absolute discretion. There are no conditions to the vesting of the options in issue at the statement of financial position date and of the total options outstanding of 3,065,075 (2009: 3,935,075), of which 3,065,075 (2009: 3,935,075) were fully vested.

The fair value of the options granted is estimated at the date of the grant using the Black Scholes model taking into account the terms and conditions upon which the options were granted. The contractual life of the options is seven years and there is no cash settlement alternative.

Movements in the year

The following table illustrates the number and weighted average exercise price (WAEP) of, and movements in, share options during the year:

	2010		2009	
	Number	WAEP €	Number	WAEP €
Outstanding at 1 April	3,935,075	0.6441	3,995,075	0.6458
Exercised during the year	–	–	(60,000)	0.6710
Granted during the year	–	–	–	–
Cancelled during the year	(870,000)	0.6284	–	–
Outstanding at 31 March	3,065,075	0.6396	3,935,075	0.6441
Exercisable at 31 March	3,065,075	0.6396	3,935,075	0.6441

The share cancellations during the year ended 31 March 2010 relate to share options which had been granted to the employees and directors of Sports Spread Betting (Ireland) Limited and WorldSpreads (Ireland) Limited which were cancelled on disposal of these companies.

No options were granted during the year ended 31 March 2010 or 31 March 2009.

Included in the number of options outstanding at the beginning of the year are 1,850,000 shares that have not been recognised in accordance with IFRS 2 Share-Based Payment as the options were granted after 7 November 2002 but were vested before 1 April 2004. These options have not been subsequently modified and therefore do not need to be accounted for in accordance with IFRS 2.

Notes to the Financial Statements (continued)

for the year ended 31 March 2010

21 Share Option Scheme (continued)

The weighted average remaining contractual life for the share options outstanding as at 31 March 2010 is 1.67 years (2009: 2.66 years).

The weighted average exercise price for options outstanding at the end of the year was €0.6396 (2009: €0.6441).

The expected life of the options is based on historical data and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends which may not necessarily be the actual outcome.

22 Commitments

Operating lease commitments

At 31 March 2010, the Group was committed to making the following payments under non-cancellable operating leases:

The Group has entered into commercial leases on premises and equipment. These leases have an average life of between three and five years with no renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

	2010 €	Land and buildings 2009 €
Operating leases which expire:		
Within one year	–	104,493
Between one and five years	848,717	–
After five years	173,865	1,556,244
	1,022,582	1,660,737

23 Related Party Transactions

The financial statements include the financial statements of WorldSpreads Group plc and the subsidiaries listed in Note 14.

Remuneration of key management personnel

	2010 €	2009 €
Directors' compensation		
Directors' fees	196,838	146,419
Salaries and other emoluments	495,970	555,634
	692,808	702,053
Other key management compensation		
Salaries and other emoluments	109,000	109,000

Key management personnel comprise those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Directors (whether executive or otherwise) of the entity.

Directors' interests in an employee share option scheme

Share options held by members of the Board of Directors to purchase ordinary shares have the following expiry dates and exercise prices:

	Expiry date	Exercise price	Number
2010	14/12/2010	0.6284	1,000,000
	30/03/2012	0.6284	550,000
2009	14/12/2010	0.6284	1,400,000
	30/03/2012	0.6284	550,000

Lindsay McNeile, a Non-Executive Director of the Group, had a trading account with the Group which he operated during the year. At the end of the year the amount of €26,591 (2009: €1,019 was due by Mr McNeile to the Group and the movement during the year arises as a result of trading losses incurred by Mr McNeile.

Pension contributions amounting to €27,750 (2009: €32,000) were paid on behalf of Directors of the Group.

Company

The Company is owed a net balance of €5,555,148 from its subsidiary company WorldSpreads Limited (2009: €Nil) arising largely on the transfer of intercompany balances due by WorldSpreads Limited to former sister subsidiary WorldSpreads (Ireland) Limited, which was disposed of by the Company during the year. The balance owing to WorldSpreads (Ireland) Limited at the time of the transfer was €6,512,475 up from €1,732,318 at 31 March 2009. This increase was due to trading activity between the two companies in the period.

The Company also owes €957,328 to WorldSpreads Limited relating to expenses paid by the WorldSpreads Limited on behalf of the Company. The Company is owed €2,221,099 by WorldSpreads International Limited relating to expenses paid by the Company on behalf of the WorldSpreads International Limited and from the transfer of intangible assets to WorldSpreads International Limited.

The Company has also provided a subordinated loan to WorldSpreads Limited which is unsecured. The balance on the loan at 31 March 2010 is €2,052,000 (2009: €2,447,099). The directors of WorldSpreads Group plc have agreed to waive the interest income relating to the subordinated loan amounting to €77,000 (2009: €75,000).

The Company previously had issued subordinate debt to WorldSpreads (Ireland) Limited which had a balance at 31 March 2009 of €2,000,000, this balance was offset against other intercompany amounts receivable by WorldSpreads (Ireland) Limited from other Group companies as part of the disposal of the company during the year.

24 Retirement Benefit Costs

The Group operates a defined contribution pension plan for Executive Directors and certain senior staff whereby it pays fixed contributions and there is no legal or constructive obligation to pay further contributions. The assets of the plan are held separately from those of the Group in a fund under the control of trustees. Where employees leave the plan prior to investing fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

For the year ended 31 March 2010, the cost charged to income relating to the plan was €36,750 (2009: €41,000).

25 Discontinued Operation

At 15 April 2009 the Group entered into a contract, by way of a management buyout, to sell its sports division consisting of two wholly-owned subsidiaries, Sports Spread Betting (Ireland) Limited, Supreme Odds Limited and its interest in the joint venture company Phumelela Gaming and Leisure Service (Pty) Limited. Consideration for the deal was cash on completion of €250,000 plus cash of €135,000 (£125,000) representing cash on deposit with Barclays bank as security for the Division's online credit card payment solution plus deferred consideration, also in cash, if certain earn-out revenue milestones are met in each of the three years from 1 April 2009. Under the terms of the earn out, the Group will be entitled to up to €1.5 million if the acquired business generates gross annual revenues of at least €1.0 million in each year of the earn-out period. The maximum earn out will be paid if the cumulative revenues of the acquired business meet or exceed €4.5 million over the three-year period. Due to the uncertainty of the ability of the acquired entity to meet these milestones, the Group will not recognise any portion of this consideration unless and until it is certain to be achieved. For the year ended 31 March 2010, the Group has not recognised any additional consideration under the terms of the earnout. The Group received the cash consideration of €250,000 at the close of the sale in April 2009.

At 22 December 2009 the Group entered into a contract, by way of a management buyout, to sell its Irish financial spread betting division consisting of one wholly owned subsidiary, WorldSpreads (Ireland) Limited. Consideration for the deal was cash on completion of €6,680,095 plus deferred consideration, also in cash, totalling €3,225,000 which is due to be paid in two tranches; the first payment is due on 22 December 2010 and is for €1,575,000 and the second payment is due on the 22 December 2011 and is for €1,650,000. In addition to the above, further consideration was paid by way of the transfer of 1,885,579 shares in WorldSpreads Group plc (the "Sale Shares") which had been held by the management team. At 31 March 2010 the value of these shares was €1,696,569.

Notes to the Financial Statements (continued)

for the year ended 31 March 2010

25 Discontinued Operation (continued)

Included in the profit on the sale of the Irish Financial Spread Betting Division is an unrealised gain on the revaluation of the Sale Shares at the share price for the Company at the year-end in the amount of €535,303. The total amount of cash received, net of the expenses associated with the transaction was €6,138,644. The results attributable to the discontinued sports and financial spread betting divisions are as follows:

	Financial Spread Betting Division 2010 €	Sports Betting Division 2010 €	Total 2010 €	Financial Spread Betting Division 2009 €	Sports Betting Division 2009 €	Total 2009 €
Revenue	2,145,010	–	2,145,010	7,977,274	(50,005)	7,927,269
Cost of sales	(621,202)	–	(621,202)	(961,921)	(37,029)	(998,950)
Gross (loss)/profit	1,523,808	–	1,523,808	7,015,353	(87,034)	6,928,319
Administrative expenses	(3,952,352)	–	(3,952,352)	(2,855,453)	(1,414,906)	(4,270,359)
Impairment loss recognised on the re-measurement to fair value less costs to sell	–	–	–	–	(660,000)	(660,000)
Profit on disposal of Financial Spread Betting Division	5,504,965	–	5,504,965	–	–	–
Operating profit/(loss)	3,076,421	–	3,076,421	4,159,900	(2,161,940)	1,997,960
Share of results of joint venture	–	–	–	–	2,014	2,014
Write off joint venture	(17,500)	–	(17,500)	–	–	–
Finance income	48,715	–	48,715	152,096	1,311	153,407
Profit/(loss) before tax from discontinued operations	3,107,636	–	3,107,636	4,311,996	(2,158,615)	2,153,381
Income tax expense	–	–	–	(295,987)	(20,009)	(315,996)
Profit/(loss) for the year from discontinued operations after tax	3,107,636	–	3,107,636	4,016,009	(2,178,624)	1,837,385

Disposal of Sports Betting Division

As a result of this transaction the Group has reclassified its sports division as discontinuing operations and classified the assets of this division as “Assets Held for Sale” in accordance with IFRS 5 in 2009. Furthermore, the Group has made a provision of €660,000 to reflect the impairment in the carrying value of the sports division’s asset as a result of this transaction.

	2010 €	Restated 2009 €
Earnings per share		
Basic from discontinued operation	0.079	0.047
Diluted from discontinued operation	0.078	0.045

The major classes of assets and liabilities of the Sports Division classified as held for sale at 31 March 2009 were as follows:

	2010 €	2009 €
Assets		
Property, plant and equipment	–	191,132
Intangible assets	–	5,435
Deferred tax asset	–	79,137
Interest in Joint Ventures	–	33,100
Cash at bank	–	158,907
Trade debtors and prepayments	–	642,325
Derivative financial instruments	–	91,735
Assets classified as held for sale	–	1,201,771
Liabilities		
Creditors	–	425,761
Derivative financial instruments	–	4,551
Liabilities directly associated with assets classified as held for sale	–	430,312
Net assets directly associated with disposal group	–	771,459
Impairment loss recognised on the re-measurement to fair value less costs to sell	–	(660,000)
Assets held for sale	–	111,459

The net cash flows incurred by the Sports Division are as follows:

Operating	–	(195,774)
Investing	–	27,869
Financing	–	–
Net cash outflow	–	(167,905)

Disposal of Irish Financial Spread Betting Division

As a result of this transaction the Group reclassified its Irish financial spread betting division as discontinued operations in accordance with IFRS 5.

The net cash flows incurred by the Irish Financial Spread Betting Division are as follows:

	2009 €	2010 €
Operating	(41,649)	(3,158,612)
Investing	27,500	(208,068)
Financing	–	3,000,000
Net cash outflow	(14,149)	(366,680)

	2010 €
Net cash flow on disposal	
Net cash flow from disposal of Irish Financial Spread Betting Division	6,138,644
Net cash flow from disposal of Sports Betting Division	250,000
Less cash disposed of	(85,200)
Net cash flow on disposal	6,303,444

The Irish Financial Spread Betting Division was disposed of on 22 December 2009 and hence is not disclosed as Assets Held for Sale at 31 March 2010.

Notes to the Financial Statements (continued)

for the year ended 31 March 2010

26 Financial Risk Management Policies and Objectives

The Group's principal financial instruments comprise derivatives, bank loans and overdrafts, receivables, cash and cash equivalents and trade payables.

Derivative financial instruments represent open financial spread betting positions. The main purpose of the other financial instruments is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables and cash and short-term deposits which arise directly from its operations.

The Group's management has undertaken a detailed review of the risks facing the Group and has created a risk map which highlights these risks and assists the Board in managing risk. The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below.

Credit risk

Credit risk is the risk that the Group will incur a loss because its customers or counterparties failed to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and by monitoring exposures in relation to such limits.

The Group trades only with creditworthy third parties such as individual clients, banks and market counterparties. The majority of clients trade on a fully margined basis and would at all times have sufficient resources to cover all open and closed positions. A minority of clients are permitted to deal in circumstances where they may be capable of suffering losses greater than the funds they have on their account, or in some circumstances to trade without funds on account. The Group has a formal credit policy which determines the financial and experience criteria which a client must satisfy before being given an account which exposes the Group to credit risk and the account limits which are allocated. All credit accounts are approved by the Group's credit committees.

The Group monitors credit risk closely and it is Group policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The carrying amount of impaired assets at the statement of financial position date was €377,560 (2009: €626,339) and related to client balances.

The Group also has potential credit risk arising from its exposure to market counterparties with which it hedges and with banks. The Group sets limits for its maximum acceptable exposure to each market counterparty and bank to which it has credit exposure. These limits are approved by the Risk Committee and are reviewed at least annually. The Group only deals with regulated market counterparties and banks. The credit ratings of the banks used by the Company ranges from A1 to Baa2 as measured on the Moody's long term obligations scale.

With the exception of geographical concentrations, which are set out in the table below, the Group has no significant concentrations of credit risk. The table also shows the Group's maximum exposure to credit risk.

The Company has credit exposure to WorldSpreads Limited, its UK subsidiary through subordinated debt and through its Investments in Subsidiaries as outlined in Note 14. The Company also has intercompany receivable balances due from WorldSpreads International Limited and WorldSpreads Limited. The Company is satisfied that the carrying value of the subordinated debt, intercompany balances and its investment in subsidiaries are not impaired.

Geographical concentrations

	Republic of Ireland €	UK €	Total €
2010			
Derivative financial instruments – clients	–	7,612,016	7,612,016
Derivative financial instruments – market counterparties	–	528,465	528,465
Trade and other receivables	3,272,769	4,654,658	7,927,427
Long-term portion of deferred consideration on sale of Irish Financial Spread Betting Division	1,650,000	–	1,650,000
Cash and cash equivalents	670,658	26,169,069	26,839,727
Total segment assets	5,593,427	38,964,208	44,557,635
2009			
Derivative financial instruments – clients	5,846,024	3,155,702	9,001,726
Derivative financial instruments – market counterparties	–	665,768	665,768
Trade and other receivables	5,386,208	2,178,340	7,564,548
Cash and cash equivalents	4,420,677	17,947,091	22,367,768
Total segment assets	15,652,909	23,946,901	39,599,810

The external assets for the Group's business in Greece, Hungary, Spain, France, Germany, Portugal, Poland, Slovenia, Denmark and Sweden are included in the UK segment.

Derivative financial instruments are with individual clients and trade and other receivables are comprised of customer and intercompany balances. The Company does not have any significant concentrations of credit risk since they are spread widely over the Company's client base. The main banks with which the Company deals are Royal Bank of Scotland and Anglo Irish Bank.

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. The Group's policy is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and finance leases. It is Group policy to ensure that resources are available at all times to enable the Group to meet its liquidity risk obligations.

In the event of a significant movement in world markets, the Group could have a short-term funding requirement to meet its payment obligations to market counterparties or winning clients before payment would be received from losing clients. Any failure by the Group to meet its payment obligations could result in market counterparties closing hedge positions which would have materially adverse consequences for the Group's business.

At the year end the Group had total committed bank facilities of €2.25m (2009: €2.16m), all of which were drawn. These facilities are to provide the short-term liquidity which may be necessary to meet payments to market counterparties before payment is received from clients in the event of a large market movement. In the Directors' opinion the Group has sufficient funds available to meet all operational requirements, future operations and stated strategies.

Analysis of financial liabilities by remaining contractual maturity

The table below summarises the maturity profile of the Group's financial liabilities as at 31 March 2010 based on contractual undiscounted payment obligations.

Financial Liabilities	On demand €	Less than 3 months €	3 to 12 months €	Total €
As at 31 March 2010				
Due to banks	–	–	2,341,039	2,341,039
Trade and other payables	16,719,517	–	–	16,719,517
Derivative financial liabilities	6,924,730	–	–	6,924,730
Total undiscounted financial liabilities 2010	23,644,247	–	2,341,039	25,985,286

Financial Liabilities	On demand €	Less than 3 months €	3 to 12 months €	Total €
As at 31 March 2009				
Due to banks	–	–	2,029,753	2,029,753
Trade and other payables	20,021,335	–	–	20,021,335
Derivative financial liabilities	3,283,052	–	–	3,283,052
Total undiscounted financial liabilities 2009	23,304,387	–	2,029,753	25,334,140

Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value and also to ensure that the Group, and its subsidiaries, at all times have the necessary regulatory capital required under current legislation. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years end 31 March 2010 and 31 March 2009. Capital includes equity attributable to the equity holders of the Group plus or minus reserves, which include retained earnings and other reserves.

	2010 €	2009 €
Issued share capital	590,450	590,450
Share premium	17,682,821	17,682,821
Retained earnings	5,938,224	471,168
Other reserves	(1,403,682)	(1,680,804)
Share option scheme	227,746	340,536
Total Capital	23,035,559	17,404,171

The Group's UK subsidiary, WorldSpreads Limited, is authorised by the FSA as an Investment Firm under Regulation 11 (1) of the European Communities Markets in Financial Instruments (MiFID) Regulations 2007. As a result the companies must comply with the Capital Requirements Directive (CRD) which sets out the minimum capital that the companies must have in order to carry out their business. The companies calculate their capital requirement using the parameters set out in the CRD which include amounts for market exposures, counterparty exposures and large exposures. The company has complied with the provisions of the CRD at all times. At 31 March 2010 the Group's Pillar 1 regulatory capital requirement was €6,190,000 (2009: €2,852,000) and it held regulatory capital of €19,796,000 (2009: €16,640,000) representing an excess of 320% (2009: 583%). Of this regulatory capital, €14,442,000 (2009: €14,739,000) was Tier 1 capital and €5,354,000 (2009: €1,901,000) was Tier 3 capital.

Notes to the Financial Statements continued

for the year ended 31 March 2010

26 Financial Risk Management Policies and Objectives (continued)

Market risk

Market risk is the risk that the fair values or future cash flows of financial instruments or sports bets will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices and, in the case of sports bets, unexpected results. The Group does not take proprietary positions based on an expectation of market movements. The Group's trading activities operate within the constraints of hedging policy, which includes limits for financial markets in which the Group trades, as well as certain groups of markets which the Directors consider to be correlated.

These limits determine the maximum net exposure which the Group is prepared to carry. The Group's trading systems allow it to continually monitor its exposure against these limits and where net open positions exceed these limits specific hedging is carried out to bring any exposure back within the pre-set limits.

Market risk includes interest rate risk, currency risk and price risk.

The Group's Risk Committee approves all limits and changes to the hedging policy.

Interest rate risk analysis

Interest rate risk arises from the possibility that changes in interest rates will affect the future cashflows or fair values of financial instruments.

The Group's exposure to risk of changes in market interest rates relates primarily to its bank borrowings. In addition, the Group has an interest rate exposure arising from its trading activities which is hedged in accordance with the Group's management of its overall market risk. The Group has exposure to overnight interest rates arising from its cash, broker balances and derivative financial instruments.

The Group monitors all exposures on a real time basis and uses a variety of hedging techniques including offsetting similar exposures in the trading book and directly hedging exposures with external market counterparties to bring all exposures to within agreed limits.

Floating rate financial assets comprise bank balances at relevant bank rates, money market deposits at call rates and open positions with clients and brokers. The table below and on the following page includes clients' money and deposits with brokers. It also sets out the carrying amount, by maturity, of the Group's financial instruments that are exposed to interest rate risks:

Year ended 31 March 2010	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years
Floating rate						
Cash and cash equivalents	26,839,727	–	–	–	–	–
Derivative financial assets	8,140,481	–	–	–	–	–
Derivative financial liabilities	(6,924,730)	–	–	–	–	–
Bank loans	(2,323,003)	–	–	–	–	–
	25,732,475	–	–	–	–	–
Non-interest-bearing						
Trade and other receivables	7,927,427	–	–	–	–	–
Long-term portion of deferred consideration on sale of Irish Financial Spread Betting Division	–	1,650,000	–	–	–	–
Trade and other payables	(16,719,517)	–	–	–	–	–
	(8,792,090)	1,650,000	–	–	–	–
Year ended 31 March 2009						
	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years
Floating rate						
Cash and cash equivalents	22,367,768	–	–	–	–	–
Derivative financial assets	9,667,494	–	–	–	–	–
Derivative financial liabilities	(3,283,052)	–	–	–	–	–
Bank loans	(2,012,712)	–	–	–	–	–
	26,739,498	–	–	–	–	–
Non-interest-bearing						
Trade and other receivables	7,564,548	–	–	–	–	–
Trade and other payables	(20,021,335)	–	–	–	–	–
	(12,456,787)	–	–	–	–	–

The following table demonstrates the sensitivity to a possible change in interest rates, with all other variables held constant, of the Group's Income Statement:

Weighted average interest rate	Increase in % 2010	Decrease in % 2010
10%	18,673	(18,673)
Weighted average interest rate	Increase in % 2009	Decrease in % 2009
10%	20,701	(20,701)

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Board has set limits on position by currency. Positions are monitored daily and hedging strategies are used to ensure positions are maintained within established limits.

The table below is an analysis of the Group's financial assets and financial liabilities by currency:

At 31 March 2010	EUR €	GBP €	USD €	Other €	Total €
Assets					
Derivative financial instruments	1,041,339	6,334,557	710,673	53,912	8,140,481
Trade and other receivables	2,721,697	4,741,574	212,738	251,418	7,927,427
Long-term portion of deferred consideration on sale of Irish Financial Spread Betting Division	1,650,000	–	–	–	1,650,000
Cash and cash equivalents	8,655,695	16,859,671	726,567	597,794	26,839,727
Total assets	14,068,731	27,935,802	1,649,978	903,124	44,557,635
Current liabilities					
Derivative financial instruments	97,606	5,617,921	955,950	253,253	6,924,730
Interest-bearing loans	–	2,323,003	–	–	2,323,003
Trade payables	2,378,693	13,249,783	939,754	151,287	16,719,517
Total liabilities	2,476,299	21,190,707	1,895,704	404,540	25,967,250
Net on-balance sheet position	11,592,432	6,745,095	(245,726)	498,584	18,590,385
At 31 March 2009					
Total assets	15,261,238	24,645,312	(620,592)	313,852	39,599,810
Total liabilities	8,900,886	15,657,527	635,139	123,547	25,317,099
Net on-balance sheet position	6,360,352	8,987,785	(1,255,731)	190,305	14,282,711

The table below indicates the currencies to which the Group had exposures that give rise to net currency gains and losses in the Consolidated Income Statement and Statement of Comprehensive Income.

Year ended 31 March 2010	Change in currency rate %	Effect on profit before tax €
USD	6%	8,475
GBP	4%	(79,879)
Other	5%	(18,834)
Year ended 31 March 2009	Change in currency rate %	Effect on profit before tax €
USD	15%	5,100
GBP	16%	(431,240)
Other	14%	(17,672)

Notes to the Financial Statements (continued)

for the year ended 31 March 2010

26 Financial Risk Management Policies and Objectives (continued)

The following table demonstrates the sensitivity to a reasonable possible change in foreign exchange, with all other variables held constant, of the Consolidated Income Statement and Statement of Comprehensive Income:

Year ended 31 March 2010	Change in currency rate %	Effect on profit before tax €
USD	+20%	40,954
GBP	+20%	1,349,019
Other	+20%	(82,947)
USD	+20%	(40,954)
GBP	+20%	(1,349,019)
Other	+20%	82,947
Year ended 31 March 2009	Change in currency rate %	Effect on profit before tax €
USD	+20%	(251,146)
GBP	+20%	1,797,557
Other	+20%	38,061
USD	-20%	251,146
GBP	-20%	(1,797,557)
Other	-20%	(38,061)

Price risk

Price risk derives from the Group's exposure to price changes in the derivative financial instruments in which its clients have market positions. The Group limits its exposure to price risk by placing its own trades in the financial markets as a hedge against the positions taken by clients.

This risk monitoring and hedging strategy is based on the output of quantitative models; based on historical relationships between correlated market instruments and live pricing feeds, the models match Group market exposures with an equivalent hedge which is then undertaken through a broker. Whilst this strategy has been very successful, the group will never be perfectly hedged, and as such the model's effect is to insure that the Group's exposure to price risk is continuously within certain pre prescribed limits. The Group does not actively take positions in any market.

At the statement of financial position date, the exposure to equity, equity indices, oil, gold and bond derivative instruments was assessed as being equivalent to having a €10.22m (2009: €6.67m) exposure to movements in the Dow Jones equity index. All expenses are measured as Dow Jones equivalent and as a result, equity exposure is the most significant to the Group. A movement of 10% in this index would have an impact of approximately €1.02m (2009: €0.67m) on the income of the Group, independent of direction. The exposure in relation to currency and interest rates trading was assessed as having an exposure of €2.09m (2009: €20.3m). A movement of 10% in this index would have an impact of approximately €0.2m (2009: €2.03m) of the income of the Group, independent on direction. This exposures and risk limits are reviewed and monitored on a daily basis.

27 Financial Instruments

Fair values

Set out below is a comparison by category of carrying amounts and fair values of the Group's financial instruments that are carried in the financial statements:

	2010 €	Carrying amount 2009 €	Fair value 2010 €	2009 €
Financial assets				
Derivative financial instruments – quoted	8,140,481	9,667,494	8,140,481	9,667,494
Cash	26,839,727	22,367,768	26,839,727	22,367,768
Trade and other receivables	7,927,427	7,564,548	7,927,427	7,564,548
Long-term portion of deferred consideration on sale of Irish Financial Spread Betting Division	1,650,000	–	1,650,000	–
Financial liabilities				
Derivative financial instruments – quoted	6,924,730	3,283,052	6,924,730	3,283,052
Interest-bearing loans and borrowings				
Bank loans	1,687,050	1,459,216	1,687,050	1,459,216
Bank overdraft	635,953	553,496	635,953	553,496
Trade and other payables	16,719,517	20,021,335	16,719,517	20,021,335

For financial assets and liabilities that are liquid or having a short-term maturity (less than three months) it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits and variable rate financial instruments.

There are no significant differences between the fair value of the Group's financial assets and liabilities and their carrying values in the financial statements. The fair value of derivatives has been calculated using quoted market prices. Floating rate financial liabilities comprise other borrowings that bear interest at rates of between 2.25% and 2.54%. These borrowings are provided by lenders at margins ranging from 1.75% to 2.04% over inter-bank rates. The carrying amount reported in the statement of financial position for financial assets and liabilities approximates their fair value.

Notes to the Financial Statements (continued)

for the year ended 31 March 2010

28 Fair Value Hierarchy

IFRS establishes a hierarchical framework which prioritises and ranks the level of observability of inputs used in measuring financial assets and financial liabilities and fair value. The observability of inputs is impacted by a number of factors, including the type of instrument and the characteristics specific to the instrument. Financial instruments with readily available quoted prices for which fair value can be measured from quoted prices in active markets will generally have a higher degree of market price observability and a lesser degree of judgement applied in determining fair value.

Determination of fair value and fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an instruments level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Directors' assessment of the significance of a particular input to the fair value measurement in its entirety requires judgement and considers factors specific to the financial instrument.

The table below summarises the categorisation of the financial instruments at fair value through profit or loss held by the Group as at 31 March 2010 into the fair value hierarchy:

	Level 1 €	Level 2 €	Level 3 €	Total €
Derivative assets	–	8,140,481	–	8,140,481
Derivative liabilities	–	6,924,730	–	6,924,730

The fair value is calculated based on the quoted prices of the instruments traded adjusted for the value of the spread related to each instrument which is charged by the Group to clients.

29 Authorised for Issue

The consolidated financial statements of WorldSpreads Group plc for the year ended 31 March 2010 were authorised for issue by the Board of Directors on 24 September 2010.

Company Information

Directors

Brian O'Neil (resigned December 2010)
Conor Foley
Michael J Foley
David Leonard
Kevin Moran
Lindsay McNeile
Niall O'Kelly
Roger Hynes (appointed May 2010) (resigned July 2010)
Michael V Foley (resigned June 2010)

Secretary

Niall O'Kelly (resigned May 2010)
Dominic Bacon (appointed May 2010)

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