

online betting
betting offices
Annual Report 2000
telephone betting
Paddy Power
BOOKMAKER

Power Leisure plc

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2000 Highlights

	Year ended 31 December 2000 €'000	Year ended 31 December 1999 €'000
Turnover		
Licensed betting offices	314,876	244,795
Telephone betting	39,432	24,845
Internet betting	8,517	–
Total Group turnover	362,825	269,640
Group profit before taxation	10,950	7,065
Profit after taxation	8,013	4,958
Profits retained for the year	6,257	3,752
Earnings per Share		
Basic earnings per share	€0.1820	€0.1118
Diluted earnings per share	€0.1687	€0.1107
Dividends per Share		
Interim paid	€0.0101	€0.0174
Interim paid	€0.0174	€Nil
Final proposed	€0.0117	€0.0101
Total	€0.0392	€0.0275

Power Leisure plc



Directors and Other Information

Directors	John Corcoran <i>non-executive Chairman</i> Stewart Kenny <i>Chief Executive</i> Peter O'Grady Walshe <i>Finance Director</i> John O'Reilly <i>Director On-line Betting</i> Ian Armitage <i>non-executive Director</i> Edward McDaid <i>non-executive Director</i> David Power <i>non-executive Director</i> Michael Quinn <i>non-executive Director</i>	
Company Secretary and Registered Office	Charles Kelly Airton House Airton Road Tallaght Dublin 24	
Stockbrokers	Goodbody Stockbrokers Ballsbridge Park Ballsbridge Dublin 4	ING Barings Limited 60 London Wall London EC2M 5TQ
Legal Advisors	Arthur Cox Earlsfort Centre Earlsfort Terrace Dublin 2	Kennedy McGonagle Ballagh 20 Northumberland Road Ballsbridge Dublin 4
Auditors	Farrell Grant Sparks Chartered Accountants and Registered Auditors Molyneux House Bride Street Dublin 8	
Principal Bankers	Allied Irish Banks plc 100-101 Grafton Street Dublin 2	
Registrars	Computershare Services (Ireland) Limited Heron House Corrig Road Sandyford Industrial Estate Dublin 18	
Registered Number	16956	



Chairman's Statement

To all Our Shareholders

I am pleased to report to shareholders significant growth in operations and resultant earnings in the year ended 31 December 2000. Your Company's turnover grew by 34.6% from €269.6 million in 1999 to €362.8 million in 2000 and profits after tax by 61.6% from €5.0 million in 1999 to €8.0 million in 2000. This resulted in a 52% growth in diluted earnings per share from €0.1107 in 1999 to €0.1687 in 2000.

Progress in our on-line betting service ('paddypower.com') since its establishment in April 2000 and the substantial opportunities that exist in that sector of our business encouraged your Board to list the Company's shares on the main markets of the Irish and London Stock Exchanges in December 2000.

The Board is recommending a final dividend of €0.01167 per share payable on 6 April 2001 to shareholders on the register at the close of business on 2 March 2001.

In the following pages of this report you will find a review of the operations and finances of your Company.

On your behalf I thank my fellow Directors and all of our employees past and present that have brought our Company to this stage of its development.

We remain encouraged by progress in all areas of our business since the year end and look forward to being in a position to report further progress to you later this year.



John Corcoran
Chairman

20 February 2001

Operating Review



Power Leisure remains focused as a small-stake, fixed-odds sports bookmaker. The Company has added to its existing licensed betting offices ('LBO') and telephone betting operations with the formal launch in June 2000 of our internet-based service, paddypower.com.

Licensed Betting Offices

During 2000 the Company opened a further five (1999: six) Paddy Power LBOs bringing the total number of outlets in operation in Ireland at the year end to 118. In addition, a single LBO was opened in central London in November 2000. We opened one racecourse LBO (1999: one) at Leopardstown to bring to four the number of racecourse-based LBOs. Our relocation program continued during the year with two LBOs (1999: two) relocated to larger and better-positioned premises. A further eight (1999: seven) LBOs were refurbished. During 2000 we commenced the installation of air-conditioning systems to regulate the temperature within all our LBOs and as of 31 December 2000 installations were complete in 60 out of the 118 LBOs with completion of the installations in all remaining LBOs scheduled for mid-2001.

During the year the average slip value within the LBOs increased by 20% from €10.12 to €12.15. (note: a slip may contain more than one bet). The reduction in betting duty from 10% to 5% of bets wagered from 1 July 1999 continued to have a positive impact on our turnover growth during the year. In June 1999 we introduced Sunday trading in a selected number of our LBOs. The number of LBOs opened on Sundays varied as we experimented with customer reaction. These changes to trading, while increasing our operating costs, generated increased turnover.

Market research commissioned by the Company (Lansdowne Market Research: August 2000) indicated that Paddy Power had unprompted awareness in the portion of the population in Ireland aged over 18 years of 60% and prompted awareness of 84%. This research also indicates that our customers are broadly representative of the population as a whole in terms of socio-economic groupings but tend to be biased significantly towards male customers. Female customers on average represent 14% of our customers. While this is a low level of participation the figure continues to grow over recent years. The age profile of our customers is older than the population as a whole. Nevertheless, we are achieving a growing penetration in the 18 to 34 year age bracket.

Telephone Betting

Our telephone betting service ('Dial-a-bet') continued its expansion during the year and ended the year with 19,967 registered customers and 7,390 active customers. (Note: active customers are defined as those that have bet with us in the previous three months.)

In December 2000 the telephone betting services were successfully relocated to the Company's new offices in Tallaght. The new facilities comprise 60 operator terminals servicing 120 incoming digital telephone lines. Our call management system allows monitoring of call handling standards and response times. Average transaction size per call increased by 1.9% from €80.73 in 1999 to €82.24. Market research indicated that our telephone-betting customers are particularly loyal to the services we offer and tend to use our service to the exclusion of others notwithstanding the availability of competing services.

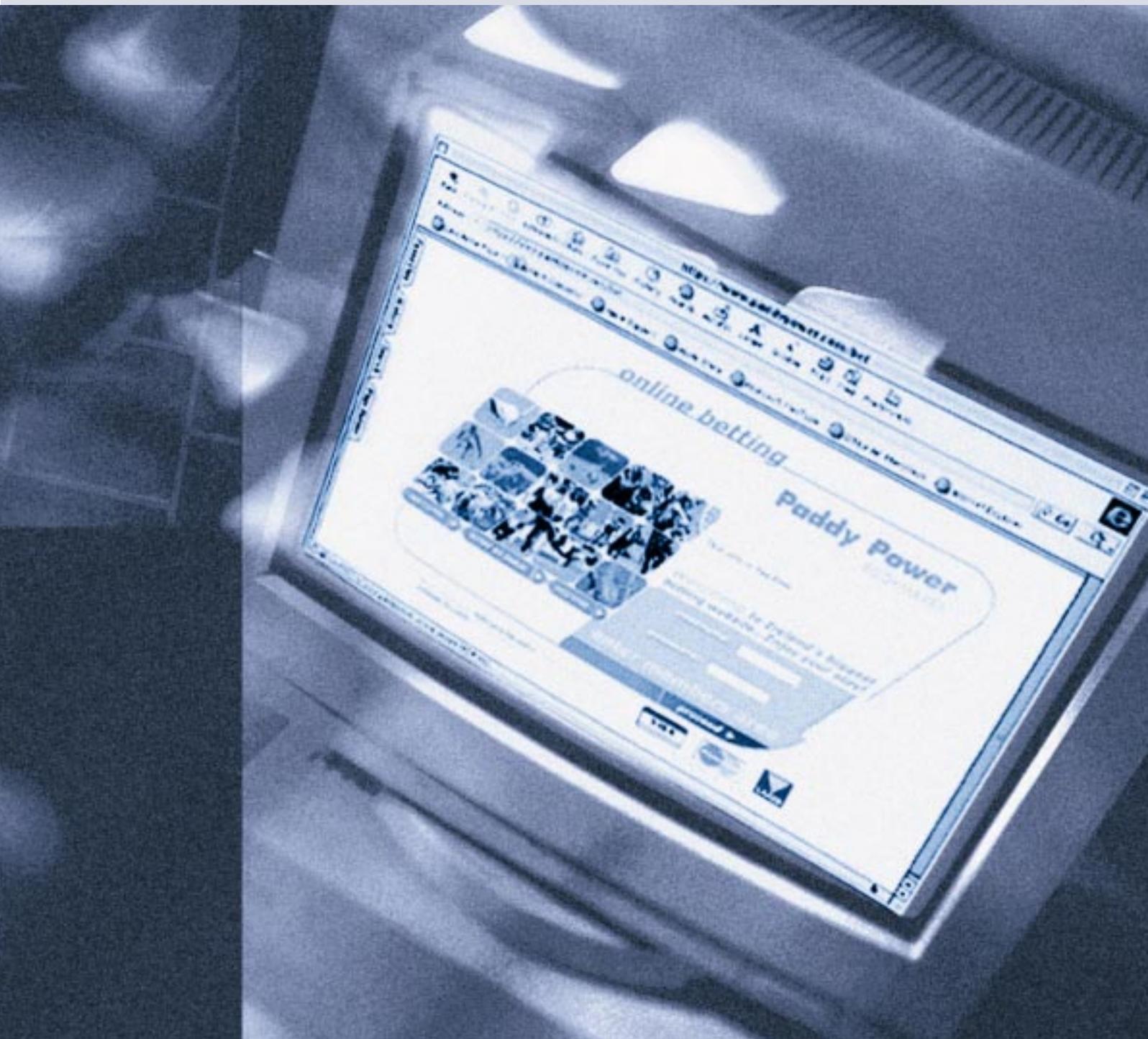
Our market share in the Republic of Ireland in the combined telephone, internet and LBO channels measured as a proportion of total off-course turnover reported by Customs and Excise stood at 30% for the year ended 31 December 2000.

Operating Review continued

On-line Betting

In June 2000 our internet-based betting service ('paddypower.com') was formally launched. Based on our initial marketing campaign in Ireland we achieved a total of 12,433 account registrations by 31 December 2000. This number has grown to 14,441 by 13 February 2001. Of these 5,064 accounts at 31 December 2000 and 5,974 at 13 February 2001 are active (note: active accounts are those that have placed a bet within the previous three months). Our turnover through paddypower.com in 2000 of €8.5 million was generated on an average bet size of €31. During December 2000 active customers each bet, on average, 7.3 times during a four-week period. The achievement of a gross margin of 8.1% on this turnover must be measured against the burden of Irish government betting duty and levies borne by the Group, which represented 5.3% of turnover. The willingness and the ability of the Group to bear this taxation burden, which is necessary to maintain competitiveness with operators located in jurisdictions which levy a nominal tax on bets, is limited. In the absence of any material change in betting duty in either the UK or Ireland in the next few months the Group plans to locate operations in a more competitive jurisdiction for the benefit of customers. Irish and UK horse and dog racing which accounted for a significant majority of our turnover in our LBO's

accounted for less than 50% of our turnover through paddypower.com. Bets placed on soccer and golf generated a significant portion of paddypower.com turnover. We have executed contracts with ntl Group and Telewest, the two largest cable TV operators in the UK, which will allow our on-line service to be offered together with other bookmakers to the interactive (digital) TV customers of those companies. As of 31 December 2000 ntl Group announced that it had 530,700 interactive TV customers in the UK. At 14 November 2000 Telewest had 315,000 interactive TV customers. Both companies are committed to significant rollouts of their service throughout their respective franchised areas in 2001 and 2002. We expect to launch our service on the ntl Group system within the next few weeks together with the launch of our internet-based service to UK customers, paddypower.co.uk. We expect to launch our Telewest-based service by mid-2001. The Group currently plans to substantially increase the level of its expenditure on advertising and marketing in support of the UK launch of our interactive on-line services in 2001. We plan to review the results from this expenditure as the UK launch progresses. We anticipate that the impact of this expenditure together with related tax subsidisation costs will have a negative impact on Group earnings for 2001.





Dial-a-Bet

Financial Review

Turnover

The Group's turnover increased by 34.6% to €362.8 million over 1999. Like for like turnover in our LBOs increased by 21.4%, while aggregate LBO turnover grew by 28.6% which includes the impact of five additional LBOs opened during the year. Like for like turnover growth includes the positive impact of Sunday opening (which increased LBO aggregate turnover by approximately 5.8% over 1999). The growth is also positively impacted by the betting tax reduction from 10% to 5%, which occurred from 1 July 1999.

Telephone betting turnover growth remained strong recording 58.7% increase in turnover over 1999 with measurable increases in our customer call handling response times in December 2000 following the relocation of the operation to larger premises.

Margin

Gross margin, measured as bets placed (excluding betting duty and levies) less winnings returned to customers increased by 44.5% over 1999 to €46.3 million. Expressed as a percentage of turnover by delivery channel the following margins were achieved:

Gross Margins	2000	1999
LBOs	13.38%	12.22%
Telephone betting	8.89%	8.50%
Internet-based	8.12%	–
Group Total	12.76%	11.88%

Operating Profit

Operating profit grew by 51% over 1999 to €10.6 million. This profit is stated after charging significant launch costs for our internet-based operations which resulted in a loss of €3.0 million in this segment of our business. These costs include €0.5 million in respect of betting duty incurred on behalf of customers and an allocated share of marketing and advertising expenditure amounting to €1.3 million. We have continued to experience significant increases in property rents as rent reviews were settled during the year.

Financial Review continued

Tax Rate

Corporation tax charge for the year amounted to €2.9 million (1999: €2.1 million) which represents an effective tax rate of 26.8% (1999: 29.8%) against the standard rate of 24% (1999: 28%). The difference between the standard rate and our effective rate of tax is primarily due to significant investment in computer equipment which we depreciate over a three year period and depreciation on premises which is not tax deductible.

Cash Flow

Net cash flow from operating activities grew by 116.7% over 1999 to €20.1 million. This cash was partially utilised in payments amounting to €9.6 million (1999: €3.3 million) to acquire fixed assets. Principally these assets comprised of computer equipment amounting to €4.9 million purchased in connection with the establishment of our Irish-based internet operations and the majority of equipment required for the UK launch of our on-line services in 2001.

Cash balances, which amounted to €16.1 million at 31 December 2000 (1999: €5.8 million), were increased by €3.6 million from the net proceeds of the share placing in December 2000. Cash balances include €0.6 million held on behalf of customers. The Group's cash balances are substantially invested in short-term bank deposits in accordance with our treasury management policies.

Dividends

The provision for dividends paid and proposed in respect of the year ended 31 December 2000 increased by 45.6% over 1999 to €1.8 million. It is the Board's intention to adopt a progressive dividend payment policy mindful of the short-term requirements of our anticipated UK launch of on-line services and possible acquisition opportunities in that sector.

Employees

The average number of persons employed by the Group during 2000 was 665 (1999: 537). At year end our employees numbered 676 (1999: 562).

Employee Share Schemes

In conjunction with the listing of the Company's shares on the Irish and London Stock Exchanges a number of schemes were introduced by the Company to reward and incentivise employees. Details of these schemes are set out on pages 40 and 41. In addition, employees with over three years' service were invited to participate in the share placing in December 2000.

Outlook

The outlook for all our operations remains positive. In the first six full weeks of 2001 like-for-like turnover in our LBO's increased by 18.8% and telephone-betting turnover was 25.4% ahead of the same period in 2000. As previously mentioned, turnover through paddypower.com continued to increase in the first seven weeks of 2001 with the number of active accounts increasing by 18.0% from 31 December 2000. Gross margins have remained satisfactory.

In January 2001 we launched the on-line version of our successful 'Lucky Numbers' product which is UK and Irish lottery result-based. We are optimistic of a substantial response from our customers to this product, which in our LBOs accounts for approximately 4% of turnover.

Our biggest challenge for 2001 will be to ensure the successful launch of our interactive service on the ntl and Telewest digital cable TV systems in the UK together with the internet-based paddypower.co.uk. All of these services will involve subsidisation of the UK betting duty and levies by the Group in the short term. Considerable press speculation has occurred in relation to the possible shift in the UK from a turnover-based tax to a gross profits-based tax. Assuming the rate of tax was reasonable such a move would be welcomed by our customers and the Group.

Board of Directors

Executive Directors

Stewart Kenny (aged 49) is the Chief Executive and was a co-founder of Power Leisure in 1988. He has considerable experience in the betting industry, training with Ladbrokes in London for two years before establishing a chain of LBOs, Kenny O'Reilly Bookmakers. He sold that business to Coral in 1986 and subsequently re-entered the business, opening ten LBOs between 1986 and 1988.

John O'Reilly (aged 50) is Director of On-line Interactive Betting. He joined the Group in 1988 as financial controller and Company secretary, positions he held until March 2000. Over this period of time, he has built up considerable industry and Company-specific knowledge. He is responsible for expanding the Group's on-line business and was appointed a Director in March 2000. He is a Fellow of the Institute of Chartered Accountants in Ireland.

Peter O'Grady Walshe (aged 39) was appointed to the Board as a non-executive Director in July 2000. He was chairman of the Board's flotation committee and co-ordinated the Company's preparation for flotation on the London and Irish Stock Exchanges. In November 2000, he assumed the executive role of Finance Director and has undertaken to continue in this position until the appointment of a suitable, qualified finance director, at which time he will resume his role as a non-executive Director. Previously, he was managing director of a video home entertainment chain (comprising 230 stores), which he sold to Blockbuster in 1998. He was an executive director of NCB Corporate Finance from 1989 to 1994. He is a Fellow of the Institute of Chartered Accountants in Ireland.

Non-executive Directors

John Corcoran (aged 71) is the non-executive Chairman of the Company. He was one of the co-founders of Power Leisure and previously controlled the P. Corcoran Bookmaker chain of LBOs, which merged to form Power Leisure in 1988. He is the founder and former chief executive of Green Property plc, a property investment company whose shares are listed on the Irish and London Stock Exchanges.

Edward McDaid (aged 51) was appointed a non-executive Director in 1993. He is a former executive director of ICC Venture Capital Limited where he managed the equity investment of ICC Venture Capital in Power Leisure. He is managing director of McDaid & Sons Limited (a soft drinks bottler).

David Power (aged 54) co-founded Power Leisure in 1988 and has been a non-executive Director since that date. He merged a significant proportion of the betting shops controlled by him and trading as Richard Power Bookmakers with Power Leisure in 1998. He is an on-course bookmaker.

Michael Quinn (aged 53) was appointed a non-executive Director in November 1997. He has been managing director of ICC Bank plc since 1991. He is a Fellow and former President of the Chartered Institute of Management Accountants in Ireland.

Ian Armitage (aged 45) was appointed a non-executive Director in June 2000. He is managing director of Mercury Private Equity and oversaw the investment by MPE in Power Leisure in May 2000. He has extensive experience in venture capital and private equity in the UK and Ireland.

Directors' Report

The directors submit their report together with the financial statements for the year ended 31 December 2000.

Principal Activities

The Group provides sports betting services through a chain of licensed betting offices ('Paddy Power') principally in Ireland together with telephone betting ('Dial-a-Bet') and on-line interactive betting services ('paddypower.com').

Results

Group profit after taxation at €8.0 million for 2000 increased by 62% over 1999. Basic earnings per share amounted to €0.1820 compared with €0.1118 in the previous year, an increase of 62.8%. The financial results for the year are set out in the Profit and Loss Account on page 24.

Dividends

Two interim dividends amounting to €0.0275 per share in aggregate were paid during 2000. It is recommended by the Directors that a final dividend of €0.01167 per share, amounting to €550,000 be paid on 6 April 2001 to shareholders registered at close of business on 2 March 2001. This would make the total distribution of profit to shareholders of €1.8 million in respect of the year ended 31 December 2000 (1999: €1.2 million).

The retained profit for the year amounted to €6.3 million (1999: €3.8 million).

Business Review and Outlook

A detailed commentary is contained in the financial and operating review on pages 6 to 13.

Re-registration as a plc

On 15 November 2000, the Company re-registered as a public limited company. On 7 December 2000, the Company's share capital was redenominated, renominialised and subdivided into ordinary shares of €0.10 each and the Company's authorised share capital was adjusted to €7,000,000 divided into 70,000,000 ordinary shares of €0.10 each.

Share Placing and Stock Exchange Listings

On 7 December 2000 the Company issued 2,250,000 new ordinary shares of €0.10 which were placed, principally with financial institutions based in the UK and Ireland, at €2.40 each. At the same time 6,784,981 ordinary shares of €0.10 each were placed at the same price on behalf of all existing shareholders pro rata to their holdings. On 7 December 2000 dealings in the shares of the Company commenced on the main markets of the Irish Stock Exchange and the London Stock Exchange.

Directors' Report continued

Research and Development

The Group carries out ongoing market research into the betting market in Ireland and abroad.

Events Since the Year End and Future Developments

There have been no significant events affecting the Group since the year end and the directors do not anticipate any substantial changes to the nature of the business.

Board of Directors

John O'Reilly, Ian Armitage and Peter O'Grady Walshe were appointed Directors during the year. James Mangan and Roseanne Corcoran resigned as Directors during the year.

In accordance with the articles of association John Corcoran, Stewart Kenny, Edward McDaid, Michael Quinn and David Power, retire by rotation and, being eligible, offer themselves for re-election. John O'Reilly, Ian Armitage and Peter O'Grady Walshe also retire and, being eligible, offer themselves for re-election.

Corporate Governance

The Directors are committed to maintaining high standards of corporate governance as set out in 'The Combined Code: Principles of Good Governance and Code of Best Practice'. The principles of good governance adopted by the Company have been applied as follows:

Board

The Board meets regularly throughout the year and all Directors have full and timely access to the information necessary to enable them to discharge their duties. There is a scheduled Board meeting approximately each month. Additional Board meetings are held as required. Relevant documentation and information is provided to the Directors in advance of each Board meeting to enable them to discharge their duties. There is a procedure in place to enable Directors to take independent professional advice as they see fit at the Company's expense. The role of the Chairman is separate from the role of the Chief Executive, with defined responsibilities attaching to each. The Board comprises three executive and five non-executive Directors.

The Board is assisted in the discharge of its duties by Board committees, whose purpose is to consider in greater depth than is practicable at Board meetings, matters for which the full Board retains full responsibility.

Audit Committee

The audit committee, which comprises Michael Quinn (chairman), David Power and Edward McDaid is responsible for ensuring that the financial performance of the Group is properly reported on and monitored, and for overseeing the operation of internal financial controls appropriate to the size and operations of the Group. The audit committee reviews reports from the management and the auditors regarding the financial statements and internal control systems of the Group and considers draft interim and annual accounts. The audit committee has unrestricted access to the Group's external auditors.

Remuneration Committee

The remuneration committee, which comprises John Corcoran (chairman), Ian Armitage and Edward McDaid is primarily responsible for making recommendations to the Board on remuneration policy for the Group's executive directors and selected senior management. The aim of the remuneration committee is to ensure that the remuneration and other incentives of executive Directors and senior management, including share options, is set in the light of the performance of individual executives and that of the Group having regard to companies of a similar size and performance. The remuneration of non-executive Directors is determined by the Board.

Nominations Committee

The nominations committee, which comprises John Corcoran (chairman), Ian Armitage and Stewart Kenny is primarily responsible for making recommendations of candidates to the Board for appointment as Directors and ensuring a formal and transparent procedure regarding any such appointments.

Internal Controls

The Board monitors the effectiveness of the systems of internal control in order to safeguard shareholders' investment and the Group's assets. The Board reviews the financial and compliance controls over the Group's business and monitors risk management issues through its Board meetings. Regular management meetings have been implemented to ensure compliance with the key controls over the financial and operating systems of the Group.

Relations with Shareholders

The Group is committed to ongoing communication with its shareholders. At the annual general meeting individual shareholders are afforded the opportunity to question the Board.

Directors' Report continued

Going Concern

The Directors are satisfied that the Group has adequate resources to continue in business for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Safety, Health and Welfare at Work Act, 1989

Power Leisure plc pursues an active policy of providing safe systems and places of work for its employees and visitors to its premises. The above Act imposes certain obligations on employers and appropriate measures have been taken to ensure that health and safety standards are complied with at all relevant locations and that all relevant Group companies meet the requirements of the Act. Safety statements have been circulated to all of the Group's premises.

Euro

All of the Group systems deal adequately with the first phase of the Euro. The Group is currently reviewing the future impact of the introduction of the Euro to its business and in particular cash handling and processing procedures during early 2002. The costs associated with the introduction of the Euro are not expected to be material.

Change of Accounting Policy

During the year the Company changed its policy for the accounting of freehold and long leasehold premises so as to provide for depreciation in compliance with FRS 15. Prior year numbers have been restated in accordance with the new policy. The new accounting policy is stated on page 29.

Substantial Holdings

Other than the interests of the Directors and connected persons disclosed on page 19 and the interests noted below, the Company is not aware of any other person who, is interested, directly or indirectly, in five percent or more of the Company's issued share capital.

Name	Holding at	
	31 December 2000	%
SKC Nominees	2,479,284	5.3

Auditors

The Auditors, Farrell, Grant, Sparks, have signified their willingness to continue in office under Section 160 of the Companies Act, 1963. A resolution authorising the directors to fix their remuneration will be submitted to the Annual General Meeting of shareholders.

Directors' Remuneration

Details of Directors' remuneration are given in note 6 to the financial statements on page 33.

Directors' and Secretary's Interests

The interests of the Directors and Secretary in the share capital of Power Leisure plc, all of which were beneficial, were as follows:

	Number of ordinary shares of €0.10 each	
	31 December 2000	31 December 1999
John Corcoran ¹	7,909,122	11,005,392
Stewart Kenny	4,093,920	5,903,712
Edward McDaid	87,780	60,000
John O'Reilly	722,222	944,076
Peter O'Grady Walshe ²	798,420	N/A
David Power	5,568,884	7,501,932
Ian Armitage ³	38,188	0
Michael Quinn ⁴	0	0
Charles Kelly (Secretary)	76,800	0

¹ Included are 237,171 shares held by his spouse.

² Included are 770,880 shares held by his spouse. In addition, Peter O'Grady Walshe is a trustee of a discretionary trust, which is the beneficial owner of 367,200 shares. He has a non-beneficial interest in these shares.

³ In addition, Rowan Nominees Limited holds 3,681,039 shares for funds managed by Mercury Private Equity with which Ian Armitage is managing director. Mercury Private Equity was, until December 2000, a division of Merrill Lynch Investment Managers Limited and is now the trading name of MPE Investment Managers Limited.

⁴ Michael Quinn is a director of ICC Bank plc, which holds for itself and is manager on behalf of others 6,545,168 shares.

There have been no changes in the above shareholdings between 31 December 2000 and the date the Directors approved these financial statements.

Directors' Report continued

The following share options have been granted to executive Directors:

	No. of options	Exercise price per share	Exercise period
Stewart Kenny	720,000	€1.16	1 May 2003 – 1 May 2006
Peter O'Grady Walshe	–	–	–
John O'Reilly	900,000	€1.16	1 May 2003 – 1 May 2006

James Mangan and Roseanne Corcoran resigned as Directors on 6 June 2000.

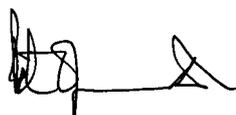
John O'Reilly was appointed a Director in March 2000, Ian Armitage was appointed a non-executive Director in June 2000, Peter O'Grady Walshe was appointed a Director in July 2000.

Transactions with Directors and parties related to them have been disclosed in note 31 to the financial statements on page 47.

On behalf of the Board



Stewart Kenny



Peter O'Grady Walshe

20 February 2001

Statement of Directors' Responsibilities

Irish company law requires the Directors to ensure that the Company prepares financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with Irish statute comprising the Companies Acts, 1963 to 1999 and the European Communities (Companies: Group Accounts) Regulations, 1992. They are also responsible for

safeguarding the assets of the Group and the Company and hence for taking responsible steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board



Stewart Kenny



Peter O'Grady Walshe

20 February 2001

Auditors' Report to the Shareholders of Power Leisure plc

We have audited the financial statements on pages 24 to 48 which have been prepared under the accounting policies set out on pages 29 and 30.

Respective Responsibilities of Directors and Auditors

The Directors are responsible for preparing the Annual Report, including, as described on page 21, the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board, the Listing Rules of the Irish Stock Exchange and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Acts, 1963 to 1999 and the European Communities (Companies: Group Accounts) Regulations, 1992. We also report to you whether in our opinion: proper books of account have been kept by the Company; whether at the balance sheet date, there exists a financial situation requiring 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's balance sheet is in agreement with the books of account.

We also report to you if, in our opinion, any information required by law or the Irish Listing Rules regarding Directors' remuneration and Directors' transactions is not given.

We review whether the Corporate Governance statement on page 16 reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Stock Exchange, and we report if it does not. We are not required to form an opinion on the effectiveness of the Company's Corporate Governance procedures or its internal controls. We read other information contained in the Annual Report, including the Corporate Governance statement, and consider whether it is consistent with the audited financial statements. We consider the implications for our report to shareholders if we become aware of any apparent misstatements or material inconsistencies within the financial statements.

Basis of Audit Opinion

We conducted our audit in accordance with Auditing Standards 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 judgements made by the Directors of the Company in the preparation of the financial statements, and of whether the accounting

policies are appropriate to the circumstances of the Company and the Group, 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 of the state of the affairs of the Company and Group at 31 December 2000 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Acts 1963 to 1999, and the European Communities (Companies: Group Accounts) Regulations, 1992.

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's balance sheet is in agreement with the books of account. In our opinion the information given in the Director's Report on pages 15 to 20 is consistent with the financial statements.

The net assets of the Company, as stated in the Company's balance sheet on page 26, are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 December 2000 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.

Farrell Grant Sparks
*Chartered Accountants
and Registered Auditors*
Molyneux House
67/69 Bride Street
Dublin 8

20 February 2001

Consolidated Profit and Loss Account

Year ended 31 December 2000

	Notes	Year ended 31 December 2000 €'000	Year ended 31 December 1999 €'000
Turnover	2(a)	362,825	269,640
Cost of winning bets paid		(316,511)	(237,595)
Gross profit	2(b)	46,314	32,045
Operating expenses		(35,685)	(25,008)
Operating profit	2(c)	10,629	7,037
Interest payable and similar charges	3	(15)	(53)
Interest receivable and similar income	4	336	81
Profit on ordinary activities before taxation	5	10,950	7,065
Tax on profit on ordinary activities	8	(2,937)	(2,107)
Profit on ordinary activities after taxation		8,013	4,958
Dividends	9	(1,756)	(1,206)
Retained profit for the year	33	6,257	3,752
Premium on acquisition of own shares		-	(1,502)
Transfer to capital redemption reserve fund		-	(165)
Prior year adjustment	16	-	(2,603)
Retained profit brought forward		10,610	11,128
Retained profit carried forward		16,867	10,610
Earnings per Share			
Basic	10	€0.1820	€0.1118
Diluted	10	€0.1687	€0.1107

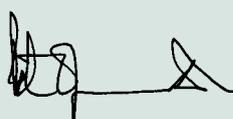
A statement of recognised gains and losses is shown on page 28.

All of the above results were from continuing operations.

On behalf of the Board



Stewart Kenny



Peter O'Grady Walshe

20 February 2001

Consolidated Balance Sheet

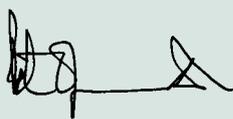
31 December 2000

	Notes	31 December 2000 €'000	31 December 1999 €'000
Fixed assets			
Tangible assets	12	21,336	15,473
Intangible asset	11	1,267	1,388
		22,603	16,861
Current assets			
Debtors	13	671	908
Cash at bank and in hand		16,054	5,840
		16,725	6,748
Creditors (amounts falling due within one year)	14	13,240	7,402
Net current assets/(liabilities)		3,485	(654)
Total assets less current liabilities		26,088	16,207
Capital and reserves			
Called up share capital	17	4,714	4,630
Share premium	19	3,585	305
Capital redemption reserve fund	20	662	662
Capital conversion reserve fund	21	260	-
Profit and loss account		16,867	10,610
Shareholders' funds		26,088	16,207

On behalf of the Board



Stewart Kenny



Peter O'Grady Walshe

20 February 2001

Company Balance Sheet

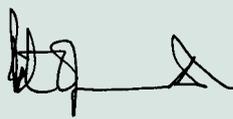
31 December 2000

	Notes	31 December 2000 €'000	31 December 1999 €'000
Fixed assets			
Tangible assets	24	17,144	15,288
Intangible asset	23	1,580	1,701
Financial assets	25	95	69
		18,819	17,058
Current assets			
Debtors	26	8,549	906
Cash at bank and in hand		14,854	5,840
		23,403	6,746
Creditors (amounts falling due within one year)	27	12,692	7,448
Net current assets/(liabilities)		10,711	(702)
Total assets less current liabilities		29,530	16,356
Capital and reserves			
Called up share capital	17	4,714	4,630
Share premium	19	3,585	305
Capital redemption reserve	20	662	662
Capital conversion reserve fund	21	260	–
Profit and loss account		20,309	10,759
Shareholders' funds		29,530	16,356

On behalf of the Board



Stewart Kenny



Peter O'Grady Walshe

20 February 2001

Consolidated Cash Flow Statement

Year ended 31 December 2000

	Notes	Year ended		Year ended	
		31 December 2000	31 December 1999	31 December 2000	31 December 1999
		€'000	€'000	€'000	€'000
Net cash inflow from operating activities	22(a)		20,104		9,279
Returns on investments and servicing of finance					
Interest received		336		81	
Interest element of finance lease payments		(15)		(53)	
			321		28
Taxation					
Corporation tax paid			(2,216)		(2,007)
Capital expenditure and financial investments					
Acquisition of tangible fixed assets		(9,612)		(3,316)	
Sale proceeds on disposal of fixed assets		61		104	
			(9,551)		(3,212)
Equity dividends paid			(1,650)		(1,333)
Net cash inflow before financing			7,008		2,755
Financing					
Capital element of finance lease payments			(418)		(488)
Repurchase of ordinary share capital			-		(1,667)
Issue of new shares including share premium less costs of issue			3,624		-
Net cash inflow	22(b)		10,214		600

Statement of Recognised Gains and Losses

Year ended 31 December 2000

	Year ended 31 December 2000 €'000	Year ended 31 December 1999 €'000
Profit for the financial year	8,013	4,958
Dividends	(1,756)	(1,206)
Premium on acquisition of own shares	–	(1,502)
Transfer to capital redemption reserve fund	–	(165)
Total gains and losses in the year	6,257	2,085

	Year ended 31 December 2000 €'000	Year ended 31 December 1999 €'000
--	---	---

Reconciliation of Movements in Shareholders' Funds

Total recognised gains and losses	6,257	2,085
Prior year adjustment	–	(2,603)
Opening shareholders' funds	16,207	16,725
Issue of new shares	339	–
Share premium (net of costs)	3,280	–
Increase in capital conversion reserve funds on shares issued during the year	5	–
Closing shareholders' funds	26,088	16,207

Accounting Policies

Year ended 31 December 2000

1. Basis of Preparation

The financial statements are prepared in accordance with generally accepted accounting principals under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board, as promulgated by the Institute of Chartered Accountants in Ireland.

The functional currency of the Group is the Irish Pound (IR£). The financial statements have been presented in Euro (€) and the 1999 financial statements have been restated in Euro at the fixed translation rate of €1 = IR£0.787564.

A summary of the more important Group accounting policies are set out below and have been consistently applied, except for the depreciation policy which was changed in the current year.

Basis of Consolidation

The Group financial statements consolidate the financial statements of the Company and all its subsidiary undertakings. The Group profit and loss account includes the results of all subsidiary undertakings for the year.

Turnover

Turnover, which is exclusive of betting tax, represents amounts received in respect of bets placed on events which occurred during the year.

Goodwill

Goodwill which arose on the acquisition of subsidiary undertakings represents the excess of cost over fair value of the Group share of tangible assets acquired. Goodwill is capitalised as an intangible asset and amortised by equal annual instalments against profit over its expected useful life. Goodwill is written off in equal annual instalments over a 20 year period.

Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at original cost less accumulated depreciation.

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over their estimated useful lives.

Depreciation policy on:

Freehold property and improvements	Depreciated over a 50 year period in equal annual instalments.
Leasehold property and improvements	Depreciated over the unexpired term of the lease, except for leases with an initial term of ten or less years. These properties and improvements will be depreciated over the unexpired term of the lease plus the renewal length of the lease, if there is a right of renewal.

Accounting Policies continued

Fixtures, fittings and equipment	5/7 years
Computer equipment	3 years
Motor vehicles	5 years
Equipment screens	5 years
Leased equipment screens	3 years

Leasing Commitments

Assets held under finance leases are included in the balance sheet at their capital value and are depreciated over the term of the lease. The corresponding liabilities are recorded as a creditor and the interest element of the finance lease rentals is charged to the profit and loss account on an annuity basis.

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

Pensions

The Company operates a number of defined contribution schemes for certain employees and executive directors which the Company finances. Contributions are charged to the profit and loss account in the year in which they are incurred.

Foreign Currencies

Transactions denominated in foreign currencies are translated at the exchange rates ruling at each quarter end. Monetary assets and liabilities denominated in foreign currencies are translated into Euro (€) at the rates of exchange ruling at the balance sheet date. The resulting profits and losses are dealt with in the profit and loss account.

The Euro (€) came into existence with effect from 1 January 1999 when 11 Member States of the European Union irrevocably fixed their exchange rates. The Irish pound was irrevocably fixed at IR£0.787564 = 1 Euro. The comparative figures for the year ended 31 December 1999 have been presented in Euro using the same rate of exchange.

The expression of the 1999 comparative information in Euro does not eliminate or alter any translation effect that existed when they were originally reported in Irish pounds.

Notes to the Financial Statements

Year ended 31 December 2000

2. Segmental Information

The turnover, operating profit and net assets of the Group relate to the provision of betting services all of which are conducted in the Republic of Ireland with the exception of one licensed betting office which commenced trading in London in December 2000.

Turnover by Delivery Channel

	Year ended 31 December 2000 €'000	Year ended 31 December 1999 €'000
Licensed betting offices	314,876	244,795
Telephone betting	39,432	24,845
Internet betting	8,517	–
	<hr/> 362,825	<hr/> 269,640

Gross Profit by Delivery Channel

	Year ended 31 December 2000 €'000	Year ended 31 December 1999 €'000
Licensed betting offices	42,118	29,934
Telephone betting	3,504	2,111
Internet betting	692	–
	<hr/> 46,314	<hr/> 32,045

Operating Profit/(Loss) by Delivery Channel

	Year ended 31 December 2000 €'000	Year ended 31 December 1999 €'000
Licensed betting offices	12,758	6,337
Telephone betting	866	700
Internet betting	(2,995)	–
	<hr/> 10,629	<hr/> 7,037

*Notes to the Financial Statements continued***3. Interest Payable and Similar Charges**

	Year ended 31 December 2000 €'000	Year ended 31 December 1999 €'000
Borrowings wholly repayable within five years – finance leases	15	53

4. Interest Receivable and Similar Income

	Year ended 31 December 2000 €'000	Year ended 31 December 1999 €'000
Deposit interest	336	81

5. Profit on Ordinary Activities Before Taxation

	Year ended 31 December 2000 €'000	Year ended 31 December 1999 €'000
The profit on ordinary activities before taxation, is stated after charging/(crediting):		
Directors' emoluments		
– fees	194	64
– other emoluments including pension costs	805	665
Depreciation	3,538	2,548
Auditors' remuneration	25	11
Loss/(profit) on disposal of fixed assets	150	(17)
Amortisation of goodwill	121	121
Operating lease rentals	2,331	1,928

6. Directors' Emoluments

Included in directors' emoluments are the following emoluments which have been paid in respect of Directors who were in office at 31 December 2000:

	Fees	Salary	Pension costs	Benefits	Annual bonus	Total emoluments 2000	Total emoluments 1999
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Executive							
Stewart Kenny	–	201	40	14	108	363	316
Peter O'Grady Walshe	108	43	–	–	–	174	–
John O'Reilly	–	123	24	17	83	247	n/a
Non-executive							
John Corcoran	27	–	–	–	–	27	25
Ian Armitage	11	–	–	–	–	11	–
Edward McDaid	25	–	–	–	–	25	18
David Power	13	–	–	–	–	13	13
Michael Quinn	10	–	–	–	–	10	8

Benefits include provision of company car, life and medical insurance. Peter O'Grady Walshe and Edward McDaid received fees which are included above amounting to €107,928 and €15,237 respectively in connection with the Company's preparation for flotation during 2000. John O'Reilly was appointed as a Director in March 2000. Peter O'Grady Walshe joined the Board in July 2000 and assumed the role of Finance Director on 1 November 2000.

There were no loans outstanding to any director at any time during the year.

7. Staff Numbers and Costs

	Year ended 31 December 2000	Year ended 31 December 1999
	€'000	€'000
The average number of persons employed by the Group (including executive Directors) during the year was:	665	537

Notes to the Financial Statements continued

7. Staff Numbers and Costs continued

	Year ended 31 December 2000 €'000	Year ended 31 December 1999 €'000
The aggregate payroll cost of these persons were as follows:		
Wages and salaries	14,113	10,687
Social welfare costs	1,444	1,076
Other pension costs and life assurance	381	320
	<hr/> 15,938	<hr/> 12,083

8. Tax on Profit on Ordinary Activities

	Year ended 31 December 2000 €'000	Year ended 31 December 1999 €'000
The charge based on profit on ordinary activities comprises:		
Corporation tax, principally at 24% (1999 – 28%)	2,845	2,107
Underprovision in previous year	92	–
	<hr/> 2,937	<hr/> 2,107

9. Dividends

	Year ended 31 December 2000 €'000	Year ended 31 December 1999 €'000
Ordinary shares:		
– interim paid €0.0101 per share (1999: €0.0174)	444	762
– interim paid €0.0174 per share (1999: nil)	762	–
– final proposed €0.0117 per share (1999 €0.0101)	550	444
	<hr/> 1,756	<hr/> 1,206

For comparison purposes the dividend per share has been recalculated to show the dividend per share on the redenominated shares to reflect the 12 for 1 share split which took place on 21 November 2000 and is described in Note 17 to the financial statements.

10. Earnings per Share

	Year ended 31 December 2000 €'000	Year ended 31 December 1999 €'000
Profit for financial year	8,013	4,958
<hr/>		
	Year ended 31 December 2000 €'000	Redenominated year ended 31 December 1999 €'000
Weighted average number of shares in issue	44,019	44,350
Dilutive effect of options outstanding	3,491	450
Diluted weighted average number of shares	47,510	44,800
<hr/>		
Basic earnings per share	€0.1820	€0.1118
Diluted earnings per share	€0.1687	€0.1107

11. Intangible Asset

	31 December 2000 €'000	31 December 1999 €'000
Goodwill		
Goodwill at cost arising on acquisition of subsidiaries	2,108	2,108
<hr/>		
Amortisation		
Opening balance	720	599
Amortisation for year	121	121
Closing balance	841	720
<hr/>		
Net book value		
At 31 December 2000	1,267	1,388

Notes to the Financial Statements continued

12. Tangible Assets

	Freehold & leasehold property €'000	Fixtures fittings & equipment €'000	Computer equipment €'000	Equipment screens €'000	Leased equipment screens €'000	Motor vehicles €'000	Total €'000
Cost							
At 1 January 2000	12,341	9,874	–	2,116	1,334	405	26,070
Additions	1,081	2,980	4,932	472	–	147	9,612
Disposals	(236)	–	–	–	–	(83)	(319)
Transfers	–	(439)	439	–	–	–	–
At 31							
December 2000	13,186	12,415	5,371	2,588	1,334	469	35,363
Depreciation							
Depreciation at 1 January 2000	–	5,486	–	863	945	118	7,412
Prior year adjustment	3,185	–	–	–	–	–	3,185
Depreciation at 1 January 2000 (restated)	3,185	5,486	–	863	945	118	10,597
Charge for year	539	1,351	707	467	389	85	3,538
Disposals	(57)	–	–	–	–	(51)	(108)
Transfers	–	(139)	139	–	–	–	–
Depreciation at 31 December 2000	3,667	6,698	846	1,330	1,334	152	14,027
Net book value							
At 31 December 2000	9,519	5,717	4,525	1,258	–	317	21,336
At 31 December 1999	9,156	4,388	–	1,253	389	287	15,473

The Group owns 12 freehold and long leasehold retail properties. These premises, in addition to one property where the Group has an option to purchase a freehold interest, had a net book value of €2.5 million at 31 December 2000 (30 June 2000: €2.5 million) and were valued on an existing use basis by Jones Lang LaSalle at 30 June 2000 at €5.8 million.

12. Tangible Assets *continued*

Included in tangible assets are the following amounts in respect of assets held under finance leases:

	31 December 2000 net book value €'000	31 December 2000 depreciation charge €'000
Leased equipment – screens	–	222

13. Debtors

	31 December 2000 €'000	31 December 1999 €'000
Other debtors and prepayments	671	908

All of the above debtors fall due within one year.

14. Creditors (*Amounts Falling Due Within One Year*)

	31 December 2000 €'000	31 December 1999 €'000
Trade creditors	1,141	1,471
Accruals	4,954	938
Customer balances	1,266	237
Corporation tax	2,828	2,107
PAYE and Social Welfare	340	451
Betting duty	1,110	716
Value added tax	1,051	620
Dividends payable	550	444
Finance leases	–	418
	13,240	7,402

15. Obligations Relating to Finance Leases

	31 December 2000 €'000	31 December 1999 €'000
Within one year	–	418

Notes to the Financial Statements continued

16. Prior Year Adjustment

	€'000
Reserves as previously stated	13,795
Less prior year adjustment	
– 1999	(582)
– prior years	(2,603)
<hr/>	
Restated Reserves at 31 December 1999	10,610
<hr/>	

The decision of the Directors to depreciate freehold and leasehold properties in accordance with FRS 15 for the first time is a change of accounting policy, resulting in a prior year adjustment. The comparative figures for 1999 have been adjusted to show the depreciation charge for that year.

The accounting policy is stated on page 29 of these financial statements.

17. Share Capital

	31 December 2000	31 December 1999
	€'000	€'000
Authorised equity		
70,000,000 ordinary shares of €0.10 each		
(1999 – 8,000,000 ordinary shares of IR£1 each)	7,000	10,158
<hr/>		
Allotted, called up and fully paid equity		
47,144,120 ordinary shares of €0.10 each		
(1999 – 3,646,351 ordinary shares of IR£1 each)	4,714	4,630
<hr/>		

On 21 November 2000, the Company passed a special resolution redenominating the Company's authorised and issued shares of IR£1.00 each into ordinary shares of €1.269738 each and renominating such ordinary shares into ordinary shares of €1.20 each. By way of the same special resolution each ordinary share of €1.20 was subdivided in 12 ordinary shares of €0.10 each. When these changes became effective, the sum of €259,589, (representing the amount by which the Company's issued share capital was reduced by the renominating) was transferred to the capital conversion reserve fund. The authorised share capital was amended to €7,000,000, divided into 70,000,000 ordinary shares of €0.10 each.

17. Share Capital *continued*

The movement in shares issued during the year is shown below:

	No. of shares '000
At 31 December 1999 (3,646,351 x 12 – split)	43,756
Share options exercised – 1998 Scheme (Note 18a)	672
– Executive Share Option Scheme (Note 18b)	240
Restricted Share Scheme – (Note 18c)	226
New shares issued – staff share purchase	47
– share placing	2,203
<hr/>	
Shares in issue at 31 December 2000	47,144

18. Share Options and Employee Participation

The Company had the following employee share schemes in existence during the year:

(a) The 1998 Scheme

Under the 1998 Scheme options over a total of 672,000 shares were granted at an exercise price of €0.35 per share. These options were exercised in November 2000 and the scheme was terminated.

(b) The Power Leisure plc May 2000 Executive Share Option Scheme (the “Executive Share Option Scheme”)

Under the May 2000 Executive Share Option Scheme options over a total of 3,543,000 shares were granted at an exercise price of €1.16 per share. Options over 240,000 shares were exercised in November 2000.

The remaining options are exercisable as follows:

Earliest exercise date	No. of shares
1 May 2003	2,859,000
1 May 2004	177,000
1 May 2005	267,000

On 21 November 2000 the shareholders approved the termination of this Scheme so that no new options may be granted pursuant to this scheme.

Notes to the Financial Statements continued

18. Share Options and Employee Participation *continued*

(c) The Power Leisure plc 2000 Restricted Share Scheme (the "Restricted Scheme")

The Restricted Scheme was adopted by shareholders on 21 November 2000 conditional on the Company's shares being listed on the Irish Stock Exchange. Employees eligible to participate in the Restricted Scheme may not be participants in any other Company share option scheme (save for the Sharesave Scheme described below). In addition, to be eligible, a participant must have been an employee at 7 December 2000, must have at least three years continuous service and be listed in the allocation schedule attached to the Rules of the Restricted Scheme. The awards of shares granted under the Restricted Scheme are in the amounts of €3,175, €1,905 or €1,270 per eligible employee. The maximum number of shares which may be subject of an award shall equal €952,306 at market price at the date of grant.

The shares cannot be sold less than five years after the date of the award granted. During this period of five years the shares will be held by the Power Leisure Employee Benefit Trustee Limited for the benefit of the relevant employees.

In December 2000, 225,908 shares were issued under the Restricted Share Scheme at €2.40 per share.

(d) The Power Leisure plc November 2000 Share Option (the "Share Option Scheme")

The Share Option Scheme was adopted by shareholders on 21 November 2000. The Share Option Scheme is available to Directors, other than non-executive Directors, and employees. The exercise price is determined by the Board but shall not be less than the Placing Price in the case of any option granted within 42 days of admission of the shares to the Official List of the Irish Stock Exchange and in any other case the middle market quotation for an ordinary share as derived from the Daily Official List of the Irish Stock Exchange for the dealing day immediately preceding the date of grant or if higher, the nominal value of such ordinary share.

Options may be granted within a period of 10 years from 7 December 2000. Options may not be exercised earlier than three years from the date of grant and can only be exercised if the Group meets certain targets and any further condition on exercise which the Board determines to be appropriate. These targets require real growth (Consumer Price Index plus 5 percent compounded annually) in earnings per share of the Group over a period of not less than three years following the grant of an option.

In December 2000 options on 50,000 shares were granted at an exercise price of €2.40 per share.

(e) The Power Leisure plc Sharesave Scheme (the "Sharesave Scheme")

The Sharesave Scheme was adopted by shareholders on 21 November 2000 and was subsequently approved by the Revenue Commissioners.

All employees (including executive directors) who have not less than 12 months continuous service with the Group or any subsidiary nominated to join the Sharesave Scheme may be invited to apply for options to acquire shares. Options will normally be granted to all eligible employees in the 42 day period after the announcement of the interim or final results of the Company. The purchase price for each ordinary share in respect of which an option is granted shall not be less than 90 percent of the closing price of the shares on the Irish Stock Exchange on the dealing day last preceding the date of grant of the option or its nominal value. The aggregate maximum monthly contribution payable by an employee under a saving contract may not exceed €64.

The maximum number of shares for which options may be granted shall not, when added to the number of shares which have been or remain to be issued pursuant to options granted under the Sharesave Scheme exceed one percent of the issued ordinary share capital of the Company. In addition, the number of shares for which options may be granted under the Sharesave Scheme in any period of ten successive calendar years shall not, when added to the number of shares which have been or remain to be issued pursuant to options in the Sharesave Scheme granted during the same period under any other employee share scheme of the Company, exceed ten percent of the issued share capital of the Company.

19. Share Premium

	31 December 2000
	€'000
At 31 December 1999	305
Premium on shares issued during the year:	
672,000 shares issued under the 1998 Scheme	163
240,000 shares issued under the Executive Share Option Scheme	254
225,908 shares issued under the Restricted Scheme	520
2,250,000 shares issued in the share placing	5,175
Less:	
Cost of share placing and flotation	(2,832)
At 31 December 2000	3,585

The share premium at 31 December 1999 arose on shares issued in 1998.

Included in the cost of the share placing is €0.9 million being the total cost of the Restricted Scheme. This scheme was offered to employees as part of the flotation process and was conditional on the admission of the Company's shares to the Official List of the Irish Stock Exchange. Shareholders who sold shares as part of the placing in December 2000 contributed €0.6 million to the costs of the placing.

*Notes to the Financial Statements continued***20. Capital Redemption Reserve Fund**

Shares in the Company acquired by the Company and subsequently cancelled.

	Number of ordinary shares of IR£1 each	Value €'000
Balance at 1 January 1999	391,467	497
19 May 1999	130,000	165
Balance at 31 December 2000		662

An amount equal to the nominal value of the shares acquired and cancelled is included in the Capital Redemption Reserve Fund.

21. Capital Conversion Reserve Fund

On 7 December 2000 the Company redenominated its existing ordinary shares of IR£1.00 each into ordinary shares of €1.269738 each and then renominialised those ordinary shares into ordinary shares of €1.20 each (and subsequently subdivided into ordinary shares of €0.10 each). The resulting reduction in the issued share capital amounting to €259,590 was transferred to the capital conversion reserve fund.

22. Cash Flows**(a) Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities**

	31 December 2000 €'000	31 December 1999 €'000
Operating profit	10,629	7,037
Depreciation	3,538	2,548
Amortisation of goodwill	121	121
Decrease/(increase) in debtors	237	(798)
Increase in creditors	5,429	388
Loss/(profit) on disposal of fixed assets	150	(17)
Net cash inflow from operating activities	20,104	9,279

22. Cash Flows *continued***(b) Analysis of Changes in Cash During the Year**

	31 December 2000	31 December 1999
	€'000	€'000
Balance at 1 January 2000	5,840	5,240
Net cash inflow	10,214	600
Balance at 31 December 2000	16,054	5,840

(c) Analysis of the Balances of Cash as Shown in the Balance Sheet

	2000	1999	Change in period
	€'000	€'000	€'000
Cash at bank and in hand	16,537	6,266	10,271
Bank overdrafts	(483)	(426)	(57)
Balance at 31 December 2000	16,054	5,840	10,214

23. Intangible Asset – Company

	31 December 2000	31 December 1999
	€'000	€'000
Goodwill arising on acquisition	2,421	2,421
Amortisation		
Balance at 1 January 2000	720	599
Amortisation in year	121	121
At 31 December 2000	841	720
Net book value at 31 December 2000	1,580	1,701

Notes to the Financial Statements continued

24. Tangible Assets - Company

	Freehold & leasehold property €'000	Fixtures fittings & equipment €'000	Computer equipment €'000	Equipment screens €'000	Leased equipment screens €'000	Motor vehicles €'000	Total €'000
Cost							
Cost at							
1 January 2000	11,989	9,874	-	2,116	1,334	405	25,718
Additions	968	2,932	536	472	-	147	5,055
Disposals	(224)	-	-	-	-	(83)	(307)
Transfers	-	(439)	439	-	-	-	-
Cost at 31 December 2000	12,733	12,367	975	2,588	1,334	469	30,466
Depreciation							
Depreciation							
at 1 January 2000	-	5,486	-	863	945	118	7,412
Prior year adjustment	3,018	-	-	-	-	-	3,018
Depreciation at 1 January 2000 (restated)	3,018	5,486	-	863	945	118	10,430
Charge for year	515	1,345	193	467	389	85	2,994
Disposals	(51)	-	-	-	-	(51)	(102)
Transfers	-	(139)	139	-	-	-	-
Depreciation at 31 December 2000	3,482	6,692	332	1,330	1,334	152	13,322
Net book value							
At 31 December 2000	9,251	5,675	643	1,258	-	317	17,144
At 31 December 1999	8,971	4,388	-	1,253	389	287	15,288

25. Financial Assets – Company

	31 December 2000	31 December 1999
	€	€
Investment in Subsidiaries at Cost		
Shares in Group companies:		
Zephyr Limited	3	3
KOR Enterprises	12,697	12,697
Rexbury Limited	5	5
Q.C. Holdings Limited	56,502	56,502
Pridepark Developments Limited	3	3
Power Leisure (IOM) Limited	3	3
Leisurebet Limited	127	127
Power Leisure (UK) Limited	3	3
Paddy Power Bookmakers (Malta) Limited	25,515	–
	<hr/> 94,858	<hr/> 69,343

In the opinion of the Directors, the value to the Company of the unlisted investments is not less than the book amount shown above.

All the subsidiaries are wholly owned and incorporated in the Republic of Ireland except Power Leisure (IOM) Limited which is incorporated in the Isle of Man, Power Leisure (UK) Limited which is incorporated in England and Paddy Power Bookmakers (Malta) Limited which is incorporated in Malta. KOR Enterprises, Rexbury Limited, Zephyr Limited, Q.C. Holdings Limited and Pridepark Developments Limited are property holding companies. Power Leisure (IOM) Limited and Paddy Power Bookmakers (Malta) Limited are non-trading companies. Leisurebet Limited and Power Leisure (UK) Limited commenced trading in the year.

26. Debtors – Company

	31 December 2000	31 December 1999
	€'000	€'000
Other debtors and prepayments	670	847
Amounts due from Group companies	7,879	59
	<hr/> 8,549	<hr/> 906

*Notes to the Financial Statements continued***27. Creditors (Amounts Falling Due Within One Year) – Company**

	31 December 2000	31 December 1999
	€'000	€'000
Trade creditors	1,130	1,455
Accruals	4,920	938
Customer balances	687	234
Corporation tax	2,828	2,107
PAYE and Social Welfare	340	451
Betting duty	1,110	716
Value added tax	1,049	620
Dividends	550	444
Finance leases	–	418
Amounts owed to Group companies	78	65
	<hr/> 12,692	<hr/> 7,448

28. Pensions

The Company operates defined contribution schemes for certain employees and executive Directors which the Group finances. The assets of the schemes are held separately from those of the Group in independently administered funds.

	31 December 2000	31 December 1999
	€'000	€'000
Pension costs	381	320
Prepayment	–	51

29. Contingent Liabilities and Guarantees

The Company has revolving credit and guarantee facilities of €6.98m (IR£5.5m) and €0.8m (Stg£0.5m) respectively with Allied Irish Banks plc. The Company has granted to Allied Irish Banks plc a first fixed charge over the Group's freehold and long leasehold properties as security for the facilities.

30. Capital and Other Financial Commitments

The Group has entered into commitments for capital expenditure not provided for in the financial statements amounting to €0.5 million.

The Group has annual commitments in respect of operating leases on properties:

	31 December 2000	31 December 1999
	€'000	€'000
Leases which expire:		
Within 1 year	2,091	1,915
Between 1 and 2 years	2,065	1,889
Between 2 and 5 years	5,958	5,486
After 5 years	21,757	21,853
	31,871	31,143

31. Related Party Transactions

The Company paid rent of €19,046 (1999 – €19,046) and €12,788 (1999 – €12,788) during the year for retail properties occupied by the Company under long term leases owned by Stewart Kenny and David Power respectively, both of whom are Directors.

David Power, a non-executive Director received €3,809 (1999 – €4,000) in respect of consulting fees.

The Company paid Tatoria Limited €39,997 (1999 – nil) during the year for audio-visual services. Peter O'Grady Walshe is a non-executive director of Tatoria Limited.

ICC Bank plc, a licensed bank and shareholder in the Company, has provided leasing finance to the Company and the Company has placed deposits with the bank. Michael Quinn, a non-executive Director of the Company, is a director of the bank.

The Company engaged in hedging transactions with David Power, a non-executive director in his capacity as an on-course bookmaker. In aggregate, bets totalling €3,000 (1999 – €4,000) were placed by the Group with Richard Power On-Course Bookmakers and that firm placed bets totalling €12,793 (1999 – €26,000) with the Company.

All of the above transactions with directors or persons connected with them were conducted on an arms length basis at normal commercial rates.

Notes to the Financial Statements continued

32. Treasury Information

The Group has limited financial risks.

The Group does not have any borrowings and therefore does not have any exposure to interest rate risk.

Transactions are predominantly denominated in Irish pounds and therefore the Group has limited exposure to foreign exchange risk. The Group tends to consistently have surplus cash balances and these are placed on deposit for periods generally not exceeding 90 days. In addition, the Group has working capital and guarantee facilities with Allied Irish Banks plc totalling €6.98m (IR£5.5m) and €0.8m (Stg£0.5m) respectively. On that basis the Group has limited exposure to liquidity risk.

33. Profit Attributable to Power Leisure plc

The profit for the financial year dealt with in the financial statements of the parent Company, Power Leisure plc, was €9.5 million (1999 – €3.7 million).

As permitted by Section 3(2) of the Companies (Amendment) Act, 1986 no separate profit and loss account is presented in respect of the parent Company.

34. Comparative Figures

The comparative figures included in the financial statements are for the year ended 31 December 1999 restated for the prior year adjustment relating to the depreciation charge for that year.

35. Approval of Financial Statements

The Directors approved the financial statements on 20 February 2001.

Five Year Financial Summary

Financial information for the Group for the five years ended 31 December 2000 is set out below in Euros, Irish pounds and Sterling.

	2000	1999	1998	1997	1996
	€'000	€'000	€'000	€'000	€'000
Turnover	362,825	269,640	193,501	154,915	132,102
Operating profit	10,629	7,037	5,566	4,477	2,886
Profit on ordinary activities before taxation	10,950	7,065	5,585	4,521	2,955
Profit on ordinary activities after taxation	8,013	4,958	3,577	2,721	1,726
Net cash inflow from operating activities	20,104	9,279	9,074	7,389	4,657
Net assets	26,088	16,207	14,122	10,678	9,360

	2000	1999	1998	1997	1996
	IR£'000	IR£'000	IR£'000	IR£'000	IR£'000
Turnover	285,748	212,359	152,394	122,005	104,039
Operating profit	8,371	5,542	4,384	3,526	2,273
Profit on ordinary activities before taxation	8,623	5,564	4,399	3,561	2,327
Profit on ordinary activities after taxation	6,311	3,905	2,817	2,143	1,359
Net cash inflow from operating activities	15,833	7,308	7,146	5,819	3,668
Net assets	20,545	12,764	11,122	8,410	7,372

Set out below is the above financial information translated into Sterling at the closing exchange rate of Stg£1 = €1.6023 on 31 December 2000, for illustrative purposes only.

	2000	1999	1998	1997	1996
	Stg£'000	Stg£'000	Stg£'000	Stg£'000	Stg£'000
Turnover	226,440	168,283	120,764	96,683	82,445
Operating profit	6,634	4,392	3,474	2,794	1,801
Profit on ordinary activities before taxation	6,834	4,409	3,486	2,822	1,844
Profit on ordinary activities after taxation	5,001	3,094	2,232	1,698	1,077
Net cash inflow from operating activities	12,547	5,791	5,663	4,611	2,906
Net assets	16,282	10,115	8,814	6,664	5,842

All of the above figures have been restated to provide for depreciation as a result of the decision of the Directors in the current year to implement a change in depreciation policy on freehold and leasehold properties.

Additional Information for Shareholders

1. Listings

Power Leisure plc is an Irish registered company. Its ordinary shares are quoted on the Irish Stock Exchange and the London Stock Exchange.

2. Registrar

Enquiries concerning shareholdings should be addressed to the Company's Registrar:

Computershare Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18

Telephone: +353-1-216 3100. Facsimile: +353-1-216 3151. Website: www.computershare.com

3. Payment of Dividends Direct to a Bank Account

Shareholders resident in Ireland or in the UK may, with effect from the interim dividend to be paid during 2001, have their dividends paid by electronic transfer direct to a designated bank account, under advice from the Company, showing full details of the amounts so credited. Shareholders who wish to avail of this facility should contact the Company's Registrar (see 2 above).

4. Payment of Dividends in Euros

Shareholders will have their dividends paid in Euros.

5. Crest

Transfer of the Company's shares takes place through the CREST settlement system. Shareholders have the choice of holding their shares in electronic form or in the form of share certificates.

6. Dividend Withholding Tax ('DWT')

Note: The following information, which is given for the general guidance of shareholders, does not purport to be a definitive guide to relevant taxation provisions. It is based on the law and practice as provided for under the (Irish) Finance Act 1999 as amended by the Finance Act, 2000; the text in bold print shows additional provisions contained in the Finance Bill, 2001, published on 15 February 2001; these additional provisions take effect from 6 April 2001, subject to the enactment of that Bill. Shareholders should take professional advice if they are in any doubt about their individual tax positions.

Further information concerning DWT may be obtained from:

DWT Section, Office of the Revenue Commissioners, St. Conlon's Road, Nenagh, Co. Tipperary, Ireland.

Telephone: +353-67-33533. Facsimile: +353-67-33822. E-mail: info@dwt.revenue.ie

General

With certain exceptions, dividends paid by Irish resident companies on or after 6 April 2000 are subject to DWT at the standard rate of income tax, **to apply at the reduced rate of 20% from 6 April 2001**. DWT, where applicable, is deducted by the Company from all dividends. The following summarises the position in respect of different categories of shareholder:

A. Irish Resident Shareholders

Individuals

Individuals resident in the Republic of Ireland for tax purposes are liable to DWT in respect of dividends received. Individual shareholders are liable to Irish income tax on the amount of the dividend before deduction of DWT, and the DWT is available for offset against their income tax liability; where the DWT exceeds such liability, the shareholder may apply to the Revenue Commissioners, at the address shown above, for a refund of the excess.

Shareholders not liable for DWT

The following classes of shareholder who receive the dividend in a beneficial capacity are exempt from DWT, provided the shareholder furnishes a properly completed declaration on a standard form, to the Company's Registrar, not less than three working days prior to the relevant dividend payment record date:

- Companies resident in the Republic of Ireland for tax purposes;
- Qualifying Employee Share Ownership Trusts;
- Exempt Approved Pension Schemes;
- Collective Investment Undertakings;
- Charities exempt from income tax on their income;
- Athletic/amateur sports bodies whose income is exempt from income tax;
- Designated stockbrokers receiving a dividend for the benefit of the holder of a Special Portfolio Investment Account ('SPIA').
- Qualifying fund manager of approved retirement fund or an approved Minimum Retirement Fund.
- Persons exempt from tax on income from personal injury claims.

Copies of the relevant declaration form may be obtained from the Company's Registrar at the address shown at 2 above, or from the Revenue Commissioners at the address shown above.

Once lodged with the Company's Registrar, the declaration form remains current from its date of issue until 31 December in the fifth year following the year of issue, or, within such period, until the exempt shareholder notifies the Registrar that entitlement to exemption is no longer applicable. Where DWT is deducted from dividends paid to shareholders not liable to DWT, the shareholder may apply to the Revenue Commissioners, at the address shown on page 50, for a refund of the DWT so deducted.

Additional Information for Shareholders continued

6. Dividend Withholding Tax ('DWT') continued

Qualifying Intermediaries

Dividends received by a shareholder who is a qualifying intermediary on behalf of a shareholder not liable for DWT may be received without deduction of DWT. A 'qualifying intermediary' is a person who receives dividends on behalf of a third party, is resident for tax purposes in the Republic of Ireland or in a relevant territory*, and:

- holds a licence under the Central Bank Act, 1971, or a similar authorisation under the law of a relevant territory, or is owned by a company which holds such a licence;
- is a member firm of the Irish Stock Exchange or of a recognised stock exchange in a relevant territory; or
- otherwise is, in the opinion of the Irish Revenue Commissioners, a person suitable to be a qualifying intermediary; and who (a) enters into a qualifying intermediary agreement with the Irish Revenue Commissioners and (b) is authorised by them as a qualifying intermediary.

* A 'relevant territory' means a member state of the European Communities, other than the Republic of Ireland, or a country with which the Republic of Ireland has entered into a double taxation agreement.

Information concerning conditions to be satisfied by intending qualifying intermediaries may be obtained from the Irish Revenue Commissioners at the address shown on page 50. A qualifying intermediary should ensure that it receives completed declarations from underlying shareholders eligible for DWT exemption, so as to be in a position to notify the Company's Registrar, in advance of each dividend record payment date, of the extent to which the dividend payable to the qualifying intermediary is to be paid without deduction of DWT.

A shareholder wishing to ascertain whether an entity is a qualifying intermediary should contact the Irish Revenue Commissioners at the address shown on page 50.

B. Non-Irish resident shareholders

The following categories of shareholder not resident for tax purposes in the Republic of Ireland may claim exemption from DWT, as outlined below:

- (a) an individual who is neither resident nor ordinarily resident in the Republic of Ireland and who is resident for tax purposes in a relevant territory;
- (b) an unincorporated entity resident for tax purposes in a relevant territory;
- (c) a company not resident in the Republic of Ireland and which is controlled by a person or persons resident for tax purposes in a relevant territory; or a company resident in a territory controlled by a non-Irish resident/residents; or
- (d) a company not resident in the Republic of Ireland, the principal class of whose shares are traded on a recognised stock exchange in a relevant territory or on such other stock exchange as may be approved by the Minister for Finance, including a company which is a 75% subsidiary of such a company; or
a company not resident in the Republic of Ireland that is wholly-owned by two or more companies, each of whose principal class of shares is so traded.

To claim exemption, any such shareholder must furnish a valid declaration, on a standard form available from the Irish Revenue Commissioners and from the Company's Registrar, to the Company's Registrar not less than three working days in advance of the relevant dividend payment record date, accompanied by:

- Categories (a) and (b) above: The declaration must be certified by the tax authority of the country in which the shareholder is resident for tax purposes. Where the shareholder is a trust, the declaration must be accompanied by a certificate signed by the trustee(s) showing the name and address of each settlor and beneficiary and a notice in writing from the Irish Revenue Commissioners stating that the Irish Revenue Commissioners have noted the contents of the certificate.
- Categories (c) and (d) above: The declaration must be certified by the tax authority of the country in which the company is resident for tax purposes. The company's auditor must also certify the declaration.
- Dividends received by a shareholder who is a qualifying intermediary on behalf of a qualifying non-resident person may be received without declaration of DWT – see 'Qualifying Intermediaries' under 'Irish Resident Shareholders' at A above.

C. Dividend statements

Each shareholder receives a statement showing the shareholder's name and address, the dividend payment date, the amount of the dividend, and the amount of DWT, if any, deducted therefrom. In accordance with the requirements of legislation, this information is also furnished to the Irish Revenue Commissioners.

Financial calendar

Announcement of final results for 2000	21 February 2001
Ex-dividend date	28 February 2001
Record date for dividend	2 March 2001
Annual General Meeting	27 March 2001
Dividend payment date	6 April 2001
Announcement of interim results for 2001	August 2001

Notice of Annual General Meeting

of Power Leisure Public Limited Company

To all Shareholders

I am writing to you to outline the background to the resolutions to be proposed at the forthcoming annual general meeting, all of which the Board of directors ("the Board" or "the Directors") is recommending for your approval.

Your attention is drawn to the notice of the annual general meeting of the Company which will be held at The Westbury Hotel, Dublin 2 at 11.00 am on 27 March 2001 which is set out below. In addition to the ordinary business to be transacted at the annual general meeting (as set out in resolutions 1 to 4 in the notice of the meeting) there are various items of special business which are described further below. In resolution 5 shareholders are being asked to renew the Directors' authority for a five-year period to allot and issue the unissued ordinary share capital of the Company. The Directors do not have any current intention to exercise this power except for issues of ordinary shares under the Company's Share Option Scheme and Sharesave Schemes. In addition, shareholders are being asked in resolution 6 to renew, until the next annual general meeting in 2002 or 18 calendar months after the passing of this resolution, whichever is the earlier, the disapplication of the strict statutory pre-emption provisions in the event of a rights issue or in any other issue of equity securities for cash up to an aggregate nominal value equal of 5% of the nominal value of the Company's issued ordinary share capital for the time being.

Further Action

A Form of Proxy for use at the AGM is enclosed with this Annual Report. To be valid, the Forms of Proxy must be lodged at the registered office of the Company or with the Company's registrars, Computershare Services (Ireland) Limited, Heron House, Corrig Road, Sandyford, Dublin 18, no later than 48 hours before the time appointed for the meeting. The completion and lodging of the Form of Proxy will not prevent you from attending and voting in person at the meeting should you so wish.

Notice of Meeting

NOTICE is hereby given that the annual general meeting of Power Leisure plc will be held at The Westbury Hotel, Dublin 2 on 27 March 2001 at 11.00 am for the following purposes:

- 1 To receive and consider the financial statements for the year ended 31 December 2000 and the reports of the Directors and auditors thereon.
- 2 To declare a final dividend of €0.01167 per share for the year ended 31 December 2000.
- 3 By separate resolutions, to re-elect the following Directors who retire in accordance with the articles of association and, being eligible, offer themselves for re-election:

(A) Ian Armitage	(B) John Corcoran
(C) Stewart Kenny	(D) Edward McDaid
(E) Peter O'Grady Walshe	(F) John O'Reilly
(G) David Power	(H) Michael Quinn
- 4 To authorise the Directors to fix the remuneration of the auditors for the year ending 31 December 2001.

As special business consider and, if thought fit, pass the following resolutions:

As an ordinary resolution

- 5 "That the Directors be and they are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 20 of the Companies (Amendment) Act 1983) up to an aggregate nominal amount not exceeding the present authorised unissued capital of the

Company; provided that this authority shall expire on the day which is five years after the date of the passing of this resolution save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority hereby conferred had not expired."

As a special resolution

6 "That pursuant to Article 8(d) of the Articles of Association and Section 24 of the Companies (Amendment) Act, 1983 the Directors are hereby empowered to allot equity securities (as defined by Section 23 of that Act) for cash pursuant to the authority to allot relevant securities conferred on the Directors by resolution 5 above in the notice of this meeting as if sub-section (1) of the said Section 23 did not apply to any such allotment provided that this power shall be subject to the provisions contained in Article 8(d) and shall be limited to:

- (a) the allotment of equity securities in connection with any rights issue in favour of ordinary shareholders and/or any persons having a right to subscribe for or convert securities into ordinary shares in the capital of the Company (including, without limitation, any holders of options under any of the Company's share options schemes for the time being) where the equity securities respectively attributable to the interests of such ordinary shareholders or such persons are proportionate (as nearly as may be) to the respective number of ordinary shares held by them or for which they are entitled to subscribe or convert into (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with any regulatory requirements, legal or practical problems in respect of overseas shareholders, fractional entitlements or otherwise), and
- (b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value equal to 5% of the aggregate nominal value of the issued ordinary share capital of the Company for the time being, and shall expire at the close of business on the date of the annual general meeting of the Company to be held during 2002 or 18 calendar months after the passing of this resolution, whichever is the earlier, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired."

And to transact any other business which may properly be brought before the meeting.

By Order of the Board



Charles Kelly
Secretary

27 February 2001

Registered Office:

Airton House, Airton Road, Tallaght, Dublin 24.

Notes

1. Any member entitled to attend and vote at the meeting is entitled to appoint a proxy (who need not be a member of the company) to attend, speak and vote in his/her place. Completion of a form of proxy will not affect the right of a member to attend, speak and vote at the meeting in person. A Form of Proxy is enclosed with this notice.
2. To be valid, forms of proxy duly signed must be returned together with the power of attorney or such other authority (if any) under which they are signed (or a notarially certified copy of such power or authority) so as to reach the Company's Registrar, Computershare Services (Ireland) Limited, P.O. Box 954, Sandyford, Dublin 18 by not later than 11a.m. on 25 March, 2001.
3. The company, pursuant to Regulation 14 of the Companies Act, 1990 (Uncertified Securities) Regulations, 1996, specifies that only those shareholders registered in the register of members of the company as at 11a.m. on 25 March 2001 (or in the case of an adjournment as at 48 hours before the time of the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their names at the time. Changes to entries in the register after that time will be disregarded in determining the right of any person to attend and/or vote at the meeting.

Power Leisure plc

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