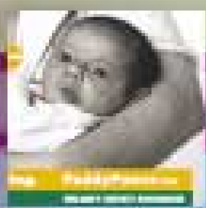
Power Leisure plc

Annual Report 2001

Paddy Power BOOKMAKER

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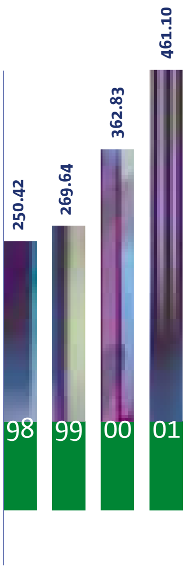
2001 Highlights

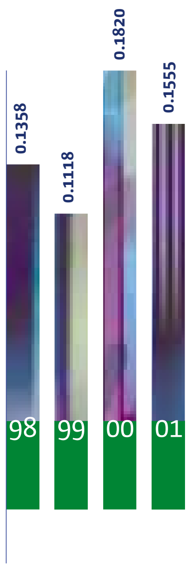
	Year ended 31 December 2001 €'000	*Year ended 31 December 2000 €'000*
Turnover		
Licensed betting offices	370,698	314,876
Telephone betting	55,544	39,432
Internet betting	34,833	8,517
Total Group turnover	461,075	362,825
Group profit before taxation	9,092	10,950
Profit after taxation	7,329	8,013
Profits retained for the year	4,925	6,257
Earnings per Share		
Basic earnings per share	€0.1555	€0.1820
Diluted earnings per share	€0.1437	€0.1687
Dividends per Share		
Interim paid	€0.0170	€0.0101
Interim paid	–	€0.0174
Final proposed	€0.0340	€0.0117
Total	€0.0510	€0.0392

Total Group Turnover
(in €m)



Group Profit
(in €m)

Earnings per Share
(in €)



Directors and Other Information

Directors	John Corcoran *Non-executive Chairman* Stewart Kenny *Chief Executive* Ross Ivers *Chief Financial Officer* John O'Reilly *Chief Operations Officer* Ian Armitage *Non-executive Director* Edward McDaid *Non-executive Director* Peter O'Grady Walshe *Non-executive Director* David Power *Non-executive Director* Michael Quinn *Non-executive Director*	
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 Advisers	Arthur Cox Earlsfort Centre Earlsfort Terrace Dublin 2	Kennedy McGonagle Ballagh 20 Northumberland Road Ballsbridge Dublin 4
Auditors	Arthur Andersen Andersen House IFSC Dublin 1	
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 on a very successful year for Power Leisure plc, as your Company completes its first full year as a public company. Turnover grew by €98.3m to a record €461.1m, an increase of 27%. Operating profit of €8.5m reflects the excellent profits in our licensed betting offices ("LBO") portfolio and telephone betting divisions of €17.6m offset by the start up losses of €9.1 on our on-line operations. This includes costs incurred with our on-line expansion in the United Kingdom ("UK") of €3.7m. The Board will be recommending a final dividend of 3.4 cent per share payable on 29 April 2002 to all shareholders registered at the close of business on 1 March 2002. This makes a total dividend of 5.1 cent per share in 2001.

Customers of Paddy Power Bookmakers continue to enjoy an experience which is very different to that offered by our competitors.

Our obsession with providing value to customers is possibly best illustrated by our highly successful money back offers which enhanced entertainment and gave punters a better run for their money during 2001. Our customer driven ethos will continue to be the focus of our business development.

Significant progress has been made across all divisions of your Group. The Irish LBO business continues to grow market share and profits and provide an excellent platform for growth across the entire business. The two shops opened in the UK are performing better than expected and bode well for further moderate expansion. The telephone business has seen exceptional turnover growth in 2001 and has recently been successfully launched in the UK. The on-line division, which expanded into the UK in April 2001, is developing in line with expectations with steady improvement in both turnover and margin. We expect this division to breakeven over 2003.

I plan to retire as Chairman of the Board over the coming year but will remain as a non-executive director. Our current Chief Executive, Mr Stewart Kenny, will assume the position of Chairman upon my retirement. In that capacity he will remain actively involved in the business, focusing in particular on strategic development and marketing. The process of recruiting a new CEO is already underway. These changes will take effect when the new Chief Executive is in place.

It is also intended that there will be further appointments to the Board over the coming year to ensure the optimum balance of relevant experience is in place to guide the business through its next phase of development.

I would also like to welcome Mr Ross Ivers as our new Chief Financial Officer and to the Board. Mr Ivers was co-opted to the Board on 4 September 2001 and I strongly recommend his re-appointment at the forthcoming shareholders meeting. Mr Ivers brings significant international business and listed company experience to Power Leisure plc and I have no doubt that he will add great value to the Board and management.

Finally I would like to thank my colleagues on the Board, my co-founders and the staff of Power Leisure plc for all that they have done for the Group. I feel confident I will be retiring as Chairman with the Group well positioned to continue to grow and prosper in the years ahead. I look forward to participating in that activity as an active member of your Board.

John Corcoran *Chairman*
19 February 2002

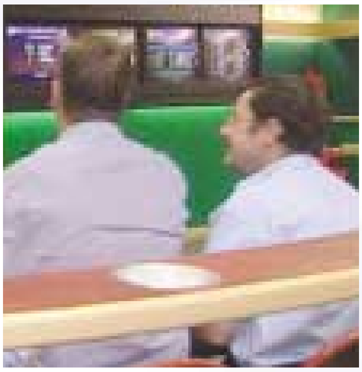
Operating Review

"Paddy Power remains focused as a small-stake, fixed-odds sports bookmaker. Distribution is primarily in the Republic of Ireland through Licensed Betting Offices ("LBO"), telephone betting and on-line betting.

The development of all channels in 2001 has been excellent. The Irish LBO business reached record turnover and profits while the success of the UK LBOs is encouraging and will lead to further exploration of this market. The Dial-a-Bet business continues to grow in Ireland and the UK generating substantial numbers of new customers. Our on-line business has also exceeded our forecasts and we expect it to breakeven over 2003."

Turnover in the LBOs increased in 2001 through growth in both slip volume and average slip value. Average slip value increased by 13% from €12.15 to €13.70 during 2001 (note: a slip may contain more than one bet) while slip volumes increased by 4%. We have continued to expand our Sunday opening with over half of our LBOs now open on Sundays from only 20 in 2000.

A second shop was opened in the UK in 2001. Our two UK shops, both in London, have continued to trade above expectations and we will continue to explore the UK market through further openings of a small number of additional LBOs as appropriate opportunities arise.

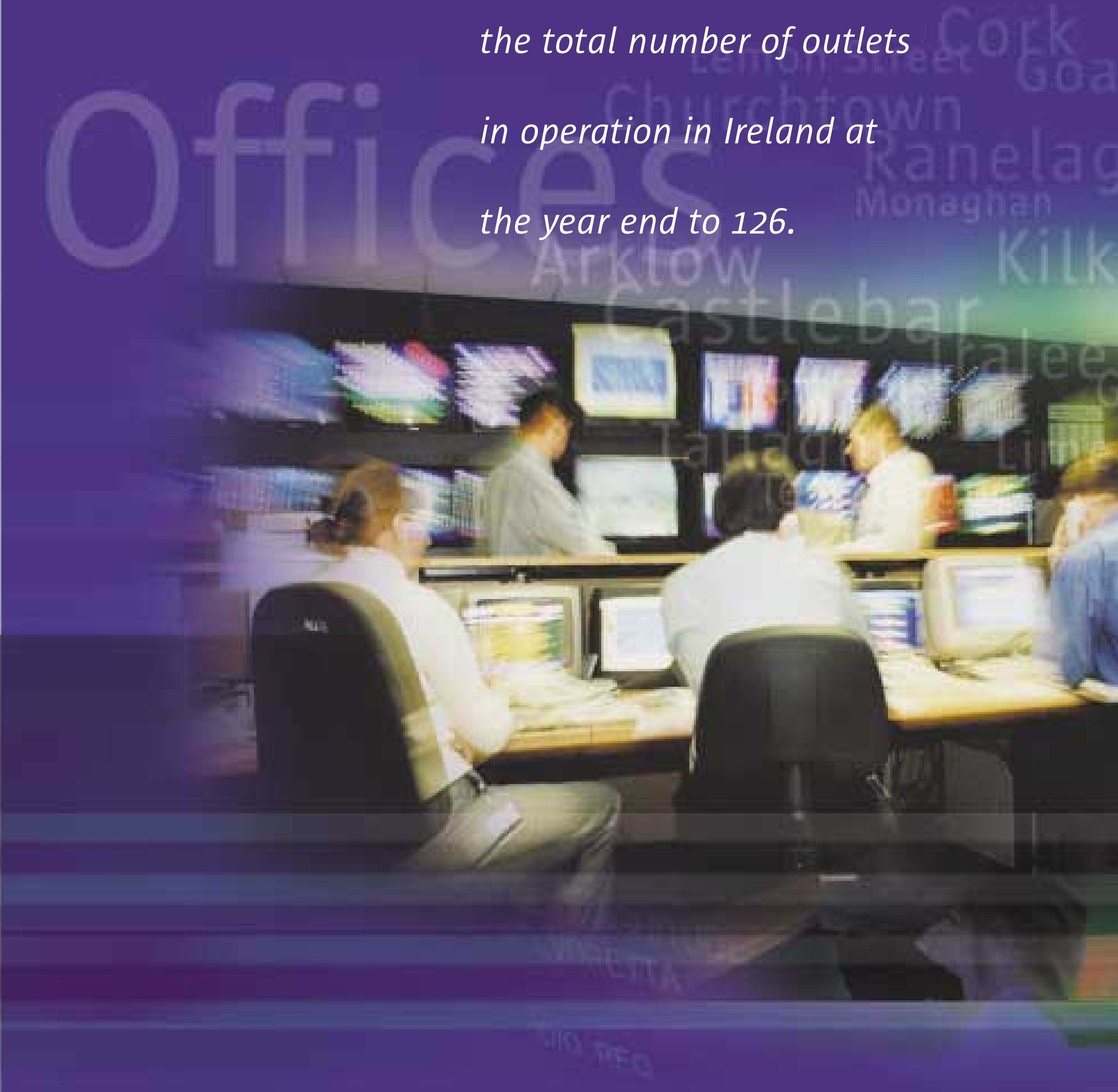


Licensed Betting Offices

The Group continued to expand its LBO operation during 2001 with the addition of eight new outlets, seven in the Republic of Ireland and one in the United Kingdom, bringing the total estate to 126 outlets (2000: 118). Our relocation program continued during the year with two LBOs (2000: 2) relocated to larger and better-positioned premises. A further seven LBOs (2000: 8) were refurbished. At the year end the Group had no surplus property leases.

We continue to develop our customer offering through our LBO channel. During 2000 we commenced the installation of air-conditioning systems to regulate the temperature within all our LBOs. As of 31 December 2001 installations were complete in 123 out of the 126 LBOs. A new upgraded shop fit is in development and will be rolled out in 2002. We continue to enhance our in-shop broadcasting and display systems in line with our obsession to deliver enhanced customer satisfaction.

During 2001 the Company opened a further eight Paddy Power LBOs bringing the total number of outlets in operation in Ireland at the year end to 126.



Operating Review

Telephone Betting

Our telephone betting service ('Dial-a-Bet') continued its expansion during the year and ended the year with 25,582 (2000:19,967) registered customers and 9,227 (2000:7,390) active customers. (Note: active customers are defined as those that have bet with us in the previous three months.) Turnover increased by 41% to €55.5m. Average transaction size per bet increased by 7% from €82.30 in 2000 to €87.64.

The Dial-a-Bet service was launched into the UK during October 2001 opening 1,043 accounts by

The Dial-a-Bet business continues to grow in Ireland and in the UK generating substantial numbers of new customers.

year end. Paddy Power prices are now available in the UK via teletext on Channel 4, Sky and the Racing Channel as well as paddypower.com.

We continue to enhance customer service levels through improving our call handling. In December 2000 and January 2001 Dial-a-Bet operations were successfully relocated to the Group's new offices in Dublin. The new facility comprised 60 operator terminals servicing 120 incoming digital telephone lines. This was further expanded in 2001 giving a total capacity of 90 operators and is currently being enhanced to take 180 digital telephone lines together with a new software platform.

The combined impact of these actions continues to improve customer service through increased call handling and reduced queuing time.

In October 2001, Dial-a-Bet was restructured to avail of the new betting tax regime in the UK. This enabled Dial-a-Bet to offer tax free betting to Irish customers. While the Irish betting tax rate will reduce from 5% to 2% in May 2002 the rate will continue to be too high to offer tax free betting from Ireland. We will continue to review alternative locations to the UK to further reduce the tax cost.

Operating Review

On-line Division

At 31 December 2001 the on-line division had a total of 42,431 (2000: 12,433) registered customers of which 14,758 (2000:5,064) were active at that date. On-line activities continued to expand in 2001 with the launch of paddypower.co.uk in May 2001 and the interactive television services. UK customers totalled 15,302 (2000: 2,069) at the year end. Bets are now being taken from over 70 countries as the Group accesses the Irish diaspora. We do not take bets from US residents. Total turnover for the year was €34.8m (2000: €8.5m).

On average, active customers bet 9.0 (2000: 7.3) times a month. An active customer is one who has bet in the last three months. Average stake for the year was €28.20 (2000: €31.40) a decrease of 10%.

The progress of the interactive TV channels with both NTL and Telewest has been disappointing in 2001 following their launch in March 2001 and April 2001 respectively. While our relative positioning on these platforms is satisfactory, the pace and extent of their penetration in the UK market remain uncertain.

We continue to improve the services offered via our on-line division and commenced taking WAP bets in September 2001 and SMS bets in October 2001.

We continue to improve the services offered via our on-line division and commenced taking WAP bets in September 2001 and SMS bets in October 2001. The on-line brand presence has grown in the UK through advertising, public relations and joint marketing/affiliate deals including The Times newspaper, Big Brother and This Is London. In addition we have continually updated and improved the Paddy Power sites expanding both the range of events and the types of bets offered.

We continue to focus on customer service and are the only on-line site offering a customer loyalty program to selected customers.

British Horseracing Board

The simultaneous change in the Irish betting tax rate on 1 May 2002 (a reduction from 5% to 2%) and the as yet undecided changes to the media rights for British Horseracing remain open issues. The proposed BHB turnover charge of 2.5% plus VAT is unacceptable and Power Leisure together with the rest of the bookmaking industry will resist such a charge. Power Leisure will continue to seek an equitable fee that reflects the reality of Irish bookmaking. Until such time as these fees are visible it is not possible to make a decision on the level of charges which will be passed on to the customer.

Financial Review

We are very pleased with the Group's performance in 2001. With the conclusion of the Foot and Mouth crisis that impacted turnover in the first 6 months of 2001 the second 6 months saw turnover increase by 35% over 2001 with strong growth in all channels. The LBO and Dial-a-Bet margins were within their expected normal range while the on-line gross margin, which was disappointing in the first 6 months of 2001 at 4.51%, recovered to 7.7%.

Turnover

Turnover increased by 27% to €461.1m in 2001 (2000: €362.8m) with excellent growth across all channels. Overall growth in the LBO channel was 18% with like-for-like growth of 10%. This has been driven by growth in average slip values of 13% and slip volumes of 4%. Growth has been achieved by the continued expansion of the LBOs which saw eight new LBOs in 2001, seven refurbishments and two relocations.
In addition we continued to increase the number of Sunday openings in 2001 with 70 LBOs now opening on Sundays compared to 20 in 2000. The LBO portfolio comprised 126 premises at year-end.

Telephone betting has seen extremely strong growth of 41% in 2001 with turnover reaching €55.5m (2000: €39.4m). The decision to offer tax-free betting on the telephones from 6 October 2001 has contributed to this growth. Total registered customers at 31 December 2001 were 25,582 (2000:19,967) with total active customers at the same date of 9,227 (2000: 7,390).

On-line turnover was €34.8m in 2001 (2000: €8.5m). Turnover levels have now reached in excess of €800,000 per week with total registered customers of 42,431 (2000:12,433) and total active customers of 14,758 (2000: 5,064) as at 31 December 2001.

Gross Margin

Gross Margin, measured as amount staked (excluding betting duty and levies) less winnings returned to customers, increased by 21.9% to €56.5m (2000: €46.3m).

Gross Margin percentages in the LBO and phone divisions for 2001 were 13.36% and 8.42% respectively. While margins fluctuated over the year, the total margins for the year were in line with the normal trading range. The on-line division, which disappointed in the first half with margins of 4.51%, recovered to 7.7% for the second 6 months as management implemented various actions to improve margin.

Gross Margins %	Year to 31/12/01	Year to 31/12/00
LBOs	13.36	13.38
Telephone betting	8.42	8.89
On-line	6.42	8.12

Betting Taxes and Levies

There were a number of significant changes in the betting taxes and levies in 2001. The Irish horseracing levy of 0.3% of turnover was abolished from 28 July 2001. This levy had been subsidised by the Group throughout 2001 costing €0.8m.

From 6 October 2001 the United Kingdom changed its betting tax structure from a turnover based tax paid by the customer to a 15% gross profits tax paid by the bookmaker. From this date the Group moved its telephone and on-line betting to the UK. This achieved a tax saving for the on-line division which was previously subsidising Irish betting tax at 5% of turnover. It also allowed the Group to offer tax free betting on our telephone betting service.

The Irish government announced a reduction in Irish betting tax to 2% of turnover effective from 1 May 2002. Given the low gross margins of the telephone and internet business this rate remains higher than the UK effective rate. As we stated at the time of the Irish budget, the Group will not be relocating telephone and internet betting back to Ireland and will be continuing to seek the optimum location from which to operate.

Operating Profit

Operating Profit	6 Months to 31/12/01	6 Months to 30/06/01	Year to 31/12/00
LBOs	7,286	9,363	12,758
Telephone	481	480	866
On-line	(3,270)	(5,833)	(2,995)
Total	4,497	4,010	10,629

LBO operating profit increased by 30.5% reflecting the increased turnover offset by lower gross margin percentage compared to 2000. Telephone operating profits increased by 11% due to increased turnover offset by lower margin and the impact of UK gross margin taxes. The on-line division incurred losses of €9.1m, which was in line with expectations with losses in the second 6 months of 2001 reducing due to increased volumes and improved gross margins. In addition, marketing expenditure was significantly lower than in the first 6 months.

Total year operating costs of €47.8 m (2000: €35.7m) were in line with expectations.

Tax Rate

The corporation tax charge for the year was €1.8m (2000: €2.9m) representing an effective tax rate of 19.3%. The reduction in the effective rate is a consequence of the reduction in the statutory rate from 24% to 20%.

Cash Flow and Liquid Resources

Net cashflow from operating activities was €11.5m (2000: €20.1m). This includes a net inflow of €1.4m on customer balances which totalled €2.6m at 31 December 2001 (2000: €1.2m). Fixed asset investments were €6.4m primarily made up of fit out costs of €2.7m for the LBO estate, expanded call centre capacity (€1.9m) and computer equipment for both the internet and general use.

Net cash balances at 31 December 2001 totalled €18.3 m (2000: €16.0m). These were substantially invested in short term bank deposits all of which mature in less than 6 months.

The Group has no borrowings.

Employees

The average number of persons employed by the Group during 2001 was 757 (2000: 665). At year end total employees numbered 799 (2000: 676).

Share Price

The Group's shares traded in the range of €2.98 to €4.07 (stg £1.81 to stg £2.56) with the year high reached on 17 December 2001. The year end share price was €4.00/stg £2.55 (2000: €2.98/stg £1.88) giving a market capitalisation of €189m/stg £120m (2000: €140m/stg £87m). The year end free float is 42% (2000: 30%), the increase arising from the sale of 2.34m shares by certain directors on 31 July 2001 under the terms of the lock in deed agreed when the Group was listed on the Irish and London Stock Exchanges.

The shares trade on the Irish and London exchanges with 82% and 18% of the trades in Dublin and London respectively.

Risk Management

The Group manages betting risk through a central risk management team whose responsibility it is to compile and monitor the odds throughout the life of an event. The Group does not offer credit and customers pay either in cash, via electronic payment or from monies held in a pre-funded client account.

Foreign exchange risk is minimal as the vast bulk of transactions are undertaken in local currency. The Group does not use any derivative financial instruments. Surplus cash is held on short term deposit with various banks approved by the Board.

Euro

The Group undertook significant work in preparation for the introduction of the Euro in January 2002. The transition has been very successful with no significant issues encountered.

The Group continues to evaluate the impact of the switch from the Punt to the Euro on average staking patterns and slip volumes. For example, turnover for the LBO division for the first six weeks of 2002 has increased by 20.1% year on year, with average slip volumes and values increasing by 14.8% and 4.6% respectively. It is too early to determine the contribution of the switch to the Euro to these results.

Dividends

The 2001 interim and proposed final dividend total €2.4m, an increase of 37% on 2000 (€1.8m) This reflects the Board’s continuing optimism for the business while being mindful of the short term cash requirements to fund continued growth.

Outlook

The Irish LBO market remains our core market and we continue to see further growth opportunities within it. Due to the large success of our initial experience, we are currently planning a small number of additional openings in the UK.

Power Leisure has a proven track record of competing in a fully deregulated market having done so successfully in Ireland against most of the major UK betting chains.

The release of the Budd Report on the UK gaming and betting market is encouraging as it moves towards deregulation of the UK market and increased competition. Power Leisure plc fully supports any move to remove the so-called “demand test” for LBO licences, thereby allowing open competition.

The telephone business is well positioned for further growth both in Ireland and the UK. The on-line business, which is another channel supporting the Paddy Power brand, is in line to meet expectations in 2003. We are encouraged by the take-up to date in on-line betting.

As indicated trading in the early part of this year has been positive and we look forward to another year of growth in 2002.

Board of Directors

Executive Directors

Stewart Kenny (aged 50) 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.

Ross Ivers (aged 39) is the Chief Financial Officer. He joined the Group in July 2001. He has considerable international business and listed company experience gained from his previous roles with PricewaterhouseCoopers, Jardine Matheson plc and Astec (BSR) plc in Dublin, Hong Kong and internationally. He is a Fellow of the Institute of Chartered Accountants in Ireland.

John O'Reilly (aged 51) is Chief Operations Officer. 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.

Non-executive Directors

John Corcoran (aged 72) 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 52) 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 55) 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 1988. He is an on-course bookmaker.

Michael Quinn (aged 54) 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 46) was appointed a non-executive director in June 2000. He is Managing Director of Hg Capital and oversaw their investment in Power Leisure in May 2000. He has extensive experience in venture capital and private equity in the UK and Ireland.

Peter O'Grady Walshe (aged 40) 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 Irish and London Stock Exchanges. In November 2000, he assumed the executive role of Finance Director to oversee the Company's transition to a public company. He resumed his role as a non-executive director in September 2001. 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.

Directors' Report

The directors submit their report together with the financial statements for the year ended 31 December 2001.

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' and 'paddypower.co.uk').

Results

Group profit after taxation at €7.3 million for 2001 decreased by 8.5% over 2000. Basic earnings per share amounted to €0.1555 compared with €0.1820 in the previous year, a decrease of 14.6%. The financial results for the year are set out in the Profit and Loss Account on page 26.

Dividends

A final and an interim dividend amounting to €0.0287 per share in aggregate were paid during 2001. It is recommended by the directors that a final dividend of €0.034 per share, amounting to €1.6 million be paid on 29 April 2002 to shareholders registered at close of business on 1 March 2002. This would make a total distribution of profit to shareholders of €2.4 million in respect of the year ended 31 December 2001 (2000: €1.8 million).

The retained profit for the year amounted to €4.9 million (2000: €6.3 million).

Business Review and Outlook

A detailed commentary is contained in the Operating and Financial Reviews on pages 10 to 14.

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.

Substantial Holdings

Details of interests in the ordinary share capital which have been notified to the Company of over 3% of the issued ordinary shares are set out below:

Name	Holding at 31 December 2001	%
SKC Nominees	2,479,284	5.3
Bank of Ireland	4,417,021	9.4

Board of Directors

Mr Ross Ivers was appointed to the Board on 4 September 2001 and is proposed for re-appointment at the Annual General Meeting to be held on 26 April 2002.

Directors' Remuneration

Details of directors' remuneration are given in note 5 to the financial statements on page 35.

Directors' and Secretary's Interests

The beneficial interests of the directors and Secretary in the share capital of Power Leisure plc (including the interests of their spouses and children), were as follows:

	Number of ordinary shares of €0.10 each	
	31 December 2001	31 December 2000
John Corcoran [1]	6,877,347	7,909,122
Stewart Kenny	3,479,832	4,093,920
Edward McDaid	74,613	87,780
John O'Reilly	613,889	722,222
Peter O'Grady Walshe [2]	678,657	798,420
David Power	4,898,788	5,568,884
Ian Armitage [3]	32,502	38,188
Michael Quinn [4]	0	0
Charles Kelly *Secretary*	30,000	76,800

1 *Included are 187,171 shares held by his spouse.*

2 *Included are 655,248 shares held by his spouse. In addition, Peter O'Grady Walshe is a trustee of a discretionary trust, which is the beneficial owner of 257,200 shares. He has a non-beneficial interest in these shares.*

3 *In addition, Rowan Nominees Limited holds 3,128,883 shares for funds managed by Hg Capital of which Ian Armitage is Managing Director. Hg Capital was, until December 2000, a division of Merrill Lynch Investment Managers.*

4 *Michael Quinn is a director of ICC Bank plc, which holds for itself and is the manager on behalf of others 6,420,364 shares.*

There have been no changes in the above shareholdings between 31 December 2001 and the date the directors approved these financial statements.

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
Ross Ivers	322,466	€3.59	1 August 2004 – 1 August 2007
John O'Reilly	900,000	€1.16	1 May 2003 – 1 May 2006

Transactions with directors and parties related to them have been disclosed in note 22 to the financial statements on page 45.

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 Company. The directors through the use of appropriate procedures and systems and the employment of competent persons have ensured that measures are in place to secure compliance with these requirements. These books and accounting records are maintained at the Company's Registered Office at Airton House, Airton Road, Tallaght, Dublin 24.

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.

Auditors

During the year the Board appointed Arthur Andersen as auditors to the Company and they 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.

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.

On behalf of the Board

Stewart Kenny

19 February 2002

Ross Ivers

19 February 2002

Corporate Governance Statement

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 six 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 report of the Remuneration Committee is set out on page 21.

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 ensure compliance with the key controls over the financial and operating systems of the Group.

Corporate Governance Statement

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.

Review of Corporate Governance

The Board commissioned a review by Arthur Andersen of Power Leisure plc's current corporate governance practices. A number of recommendations, in line with evolving international best practice, were made that would further improve the level of corporate governance in place. These recommendations have been implemented or are in progress.

Compliance

The directors confirm that, except in relation to the matter mentioned below, the Company has complied throughout the accounting period with the provisions of the Combined Code.

Senior Independent Director: The Company has not nominated a Senior Independent Director as required by the code. Upon detailed review the Board felt that the appointment of a new director would be best suited to holding this position. A search is currently in progress with external advisors for a suitable candidate.

Remuneration Committee Report

The Remuneration Committee

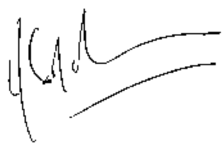
The Remuneration Committee of the Board consists solely of non-executive directors of the Company. The terms of reference for the Remuneration Committee are to determine the Group's policy on executive remuneration and to consider and approve salaries and other terms of the remuneration packages for the executive directors. The Committee receives external professional advice when necessary and the Chief Executive is fully consulted about remuneration proposals. The Chairman's remuneration is decided in the absence of the Chairman. The remuneration of non-executive directors is determined by the Board. Membership of the Remuneration Committee is set out on page 19.

Remuneration Policy

The Group's policy on directors' remuneration is designed to attract and retain directors of the highest calibre who can bring their experienced and independent views to the policy, strategic decisions and governance of Power Leisure plc.

In setting remuneration levels, the Remuneration Committee takes into consideration the remuneration practices of other companies of similar size and scope. Executive directors must be properly rewarded and motivated to perform in the best interests of the shareholders.

The typical elements of the remuneration package for executive directors are basic salary and benefits, annual bonus, pensions and participation in the share option plan. Performance related rewards are a key component of remuneration for executive directors and senior management. It is Group policy to grant options to key management to encourage identification with shareholders' interests and to create a community of interest among different regions and nationalities. The Committee has a commenced a complete review of directors and senior management compensation to review both the absolute level of compensation together with the relative proportions of each element of remuneration.



John Corcoran
Chairman – Remuneration Committee

19 February 2002

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 2001 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

19 February 2002

Ross Ivers

19 February 2002

Independent Auditors' Report

to the Shareholders of Power Leisure plc

We have audited the financial statements of Power Leisure plc for the year ended 31 December 2001 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Accounting Policies and the related notes numbered 1 to 22. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective Responsibilities of Directors and Auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and Irish Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, Auditing Standards promulgated by the Auditing Practices Board in Ireland and the United Kingdom, and the Listing Rules of the Irish Stock Exchange.

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. 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 and its profit and loss account are in agreement with the books of account.

We report to the shareholders if, in our opinion, any information required by law or the Listing Rules regarding directors' remuneration and directors' transactions is not given and, where practicable, include such information in our report.

We review whether the corporate governance statement reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the Chairman's Statement, the Operating Review, the Financial Review, the Corporate Governance Statement and the Remuneration Committee's Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

We conducted our audit in accordance with 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 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 Group's and Company's affairs as at 31 December 2001 and of the Group's profit for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2001 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 financial statements are in agreement with the books of account.

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

The net assets of the Company, as stated in the balance sheet, 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 2001 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.

Arthur Andersen
Chartered Accountants and Registered Auditor
Dublin

19 February 2002

Financial Statements

Consolidated Profit and Loss Account

Year ended 31 December 2001

	Notes	Year ended 31 December 2001 €'000	Year ended 31 December 2000 €'000
Turnover	1	**461,075**	362,825
Cost of winning bets paid		**(404,624)**	(316,511)
Gross profit	1	**56,451**	46,314
Operating expenses		**(47,944)**	(35,685)
Operating profit	1	**8,507**	10,629
Interest payable and similar charges	2	**(71)**	(15)
Interest receivable and similar income	3	**656**	336
Profit on ordinary activities before taxation	4	**9,092**	10,950
Tax on profit on ordinary activities	7	**(1,763)**	(2,937)
Profit on ordinary activities after taxation		**7,329**	8,013
Dividends	8	**(2,404)**	(1,756)
Retained profit for the year		**4,925**	6,257
Retained profit brought forward		**16,867**	10,610
Retained profit carried forward		**21,792**	16,867

Earnings per Share

Basic	9	**€0.1555**	€0.1820
Diluted	9	**€0.1437**	€0.1687

A statement of recognised gains and losses is shown on page 30.
All of the above results were from continuing operations.

The accompanying accounting policies on pages 31 to 32 and notes on pages 33 to 45 are an integral part of these financial statements.

On behalf of the Board

Stewart Kenny
19 February 2002

Ross Ivers
19 February 2002

Consolidated Balance Sheet

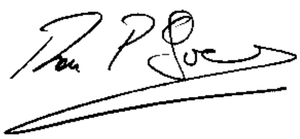
31 December 2001

	Notes	31 December 2001 €'000	31 December 2000 €'000
Fixed assets			
Tangible assets	11	**22,749**	21,336
Intangible assets	10	**1,146**	1,267
		23,895	22,603
Current assets			
Debtors	12	**1,110**	671
Cash at bank and in hand		**18,307**	16,054
		19,417	16,725
Creditors (amounts falling due within one year)	13	**10,755**	13,240
Net current assets		**8,662**	3,485
Total assets less current liabilities		**32,557**	26,088
Creditors (amounts falling due after one year)	14	**793**	–
Provision for liabilities and charges	15	**1,031**	–
Net Assets		**30,733**	26,088
Capital and reserves			
Called up share capital	16	**4,714**	4,714
Share premium	17	**3,305**	3,585
Capital redemption reserve fund		**662**	662
Capital conversion reserve fund		**260**	260
Profit and loss account		**21,792**	16,867
Shareholders' funds – all equity interests		**30,733**	26,088

The accompanying accounting policies on pages 31 to 32 and notes on pages 33 to 45 are an integral part of these financial statements.

On behalf of the Board

Stewart Kenny
19 February 2002



Ross Ivers
19 February 2002

Company Balance Sheet

31 December 2001

	Notes	31 December 2001 €'000	31 December 2000 €'000
Fixed assets			
Tangible assets	11	**18,630**	17,144
Intangible assets	10	**1,459**	1,580
Financial assets	19	**103**	95
		20,192	18,819
Current assets			
Debtors	12	**17,537**	8,549
Cash at bank and in hand		**16,205**	14,854
		33,742	23,403
Creditors (amounts falling due within one year)	13	**9,079**	12,692
Net current assets		**24,663**	10,711
Total assets less current liabilities		**44,855**	29,530
Creditors (amounts falling due within one year)	14	**466**	–
Provision for liabilities and charges	15	**1,031**	–
Net Assets		**43,358**	29,530
Capital and reserves			
Called up share capital	16	**4,714**	4,714
Share premium	17	**3,305**	3,585
Capital redemption reserve		**662**	662
Capital conversion reserve fund		**260**	260
Profit and loss account		**34,417**	20,309
Shareholders' funds – all equity interests		**43,358**	29,530

The accompanying accounting policies on pages 31 to 32 and notes on pages 33 to 45 are an integral part of these financial statements.

On behalf of the Board

Stewart Kenny
19 February 2002

Ross Ivers
19 February 2002

Consolidated Cash Flow Statement

Year ended 31 December 2001

	Notes	Year ended 31 December 2001 €'000	Year ended 31 December 2001 €'000	Year ended 31 December 2000 €'000	Year ended 31 December 2000 €'000
Net cash inflow from operating activities	*18(a)*		**11,461**		20,104
Returns on investments and servicing of finance					
Interest received		**656**		336	
Interest element of finance lease payments		**(71)**		(15)	
			585		321
Taxation					
Corporation tax paid			**(2,840)**		(2,216)
Capital expenditure and financial investments					
Acquisition of tangible fixed assets		**(6,398)**		(9,612)	
Sale proceeds on disposal of fixed assets		**70**		61	
			(6,328)		(9,551)
Equity dividends paid			**(1,351)**		(1,650)
Net cash inflow before financing			**1,527**		7,008
Financing					
Capital element of finance lease payments			**1,006**		(418)
Issue of new shares including share premium less costs of issue			**(280)**		3,624
Net cash inflow	*18(b)*		**2,253**		10,214

The accompanying accounting policies on pages 31 to 32 and notes on pages 33 to 45 are an integral part of these financial statements.

Statement of Total Recognised Gains and Losses

Year ended 31 December 2001

	Year ended 31 December 2001 €'000	*Year ended 31 December 2000 €'000*
Profit for the financial year	**7,329**	8,013
Dividends	**(2,404)**	(1,756)
Total gains and losses in the year	**4,925**	6,257

Reconciliation of Movements in Shareholders' Funds

	Year ended 31 December 2001 €'000	*Year ended 31 December 2000 €'000*
Total recognised gains and losses	**4,925**	6,257
Opening shareholders' funds	**26,088**	16,207
Issue of new shares	**–**	339
Share premium (net of costs)	**(280)**	3,280
Increase in capital conversion reserve funds on shares issued during the year	**–**	5
Closing shareholders' funds	**30,733**	26,088

Accounting Policies

Year ended 31 December 2001

The principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, are summarised below.

Basis of Preparation

The financial statements have been prepared in Euro in accordance with applicable accounting principles under the historical cost convention.

Basis of Consolidation

The Group financial statements consolidate the financial statements of the Company and all its subsidiary undertakings.

Turnover

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

Tangible Assets – Goodwill

Goodwill arising on the acquisition of subsidiary undertakings, representing the excess of cost over the fair value of the Group share of the identifiable assets and liabilities acquired, is capitalised and amortised by equal annual instalments over its expected useful life, currently 20 years. Provision is made for any impairment.

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, as follows:

- Freehold property and improvements – 50 years.
- Leasehold property and improvements – unexpired term of the lease, except for leases with an initial term of ten or less years, which are depreciated over the unexpired term of the lease plus the renewal length of the lease, if there is a right of renewal.
- Fixtures, fittings and equipment – 5/7 years.
- Computer equipment – 3 years.
- Motor vehicles – 5 years.
- Equipment screens – 5 years.
- Leased equipment screens – 3 years.

Leases

Assets held under finance leases which transfer substantially all the risks and rewards of ownership to the Group are included in the balance sheet at their capital value and are depreciated over the shorter of the lease term and their useful lives. 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 over the term of the lease to produce a constant rate of charge on the balance of capital repayment outstanding.

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

Pensions

The Group operates a number of defined contribution schemes for certain employees and executive directors. Contributions are charged to the profit and loss account as incurred. Any difference between amounts charged to the profit and loss account and contributions paid to the pension scheme is included in debtors or creditors in the balance sheet.

Foreign Currency

Transactions denominated in foreign currencies are translated at the exchange rates ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated 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 as an exchange gain or loss.

Taxation

Current tax is provided on taxable profit at current rates.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions that result in an obligation to pay more tax in the future have occurred at the balance sheet date. It is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse.

Notes to the Financial Statements

Year ended 31 December 2000

1. Turnover and Segmental Information

The turnover, operating profit and net assets of the Group relate to the provision of betting services, substantially all of which are conducted in the Republic of Ireland.

Turnover by Delivery Channel

	Year ended 31 December 2001 €'000	*Year ended 31 December 2000 €'000*
Licensed betting offices	**370,698**	314,876
Telephone betting	**55,544**	39,432
Internet betting	**34,833**	8,517
	461,075	362,825

Gross Profit by Delivery Channel

	Year ended 31 December 2001 €'000	*Year ended 31 December2000 €'000*
Licensed betting offices	**49,539**	42,118
Telephone betting	**4,677**	3,504
Internet betting	**2,235**	692
	56,451	46,314

Operating Profit/(Loss) by Delivery Channel

	Year ended 31 December 2001 €'000	*Year ended 31 December 2000 €'000*
Licensed betting offices	**16,649**	12,758
Telephone betting	**961**	866
Internet betting	**(9,103)**	(2,995)
	8,507	10,629

2. Interest Payable and Similar Charges

	Year ended 31 December 2001 €'000	Year ended 31 December 2000 €'000
Borrowings wholly repayable within five years		
– finance leases	**71**	15

3. Interest Receivable and Similar Income

	Year ended 31 December 2001 €'000	Year ended 31 December 2000 €'000
Deposit interest	**656**	336

4. Profit on Ordinary Activities Before Taxation

	Year ended 31 December 2001 €'000	Year ended 31 December 2000 €'000
The profit on ordinary activities before taxation is stated after charging:		
Directors' emoluments		
– fees	**107**	65
– other emoluments including pension costs	**1,095**	805
Depreciation	**4,911**	3,538
Auditors' remuneration	**41**	25
Loss on disposal of fixed assets	**4**	150
Amortisation of goodwill	**121**	121
Operating lease rentals	**3,414**	2,331

As permitted by section 3(2) of the Companies (Amendment) Act, 1986 no separate profit and loss account is presented in respect of the Company. The Company recorded a profit for the year of €14.1 million (2000 – €9.5 million).

5. 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 2001:

	Fees €'000	Salary €'000	Pension costs €'000	Benefits €'000	Annual bonus €'000	Total emoluments 2001 €'000	Total emoluments 2000 €'000
Executive							
Stewart Kenny	–	213	42	8	51	**314**	363
Ross Ivers	–	63	13	4	32	**112**	n/a
John O'Reilly	–	184	37	4	47	**272**	247
Non-executive							
John Corcoran	38	–	–	–	–	**38**	27
Ian Armitage	16	–	–	–	–	**16**	11
Edward McDaid	16	–	–	–	–	**16**	25
David Power	16	–	–	–	–	**16**	13
Michael Quinn	16	–	–	–	–	**16**	10
Peter O'Grady Walshe	5	156	–	–	241	**402**	174

Benefits include provision of company car, life and medical insurance. There were no loans outstanding to any director at any time during the year.

6. Staff Numbers and Costs

	Year ended 31 December 2001	Year ended 31 December 2000
The average number of persons employed by the Group (including executive directors) during the year was:	**757**	665

	Year ended 31 December 2001 €'000	Year ended 31 December 2000 €'000
Aggregate payroll costs were as follows:		
Wages and salaries	**16,630**	14,113
Social welfare costs	**1,773**	1,444
Other pension costs and life assurance	**478**	381
	18,881	15,938

7. Tax on Profit on Ordinary Activities

	Year ended 31 December 2001 €'000	Year ended 31 December 2000 €'000
The charge based on profit on ordinary activities comprises:		
Corporation tax, principally at 20% (2000 – 24%)	**720**	2,845
Underprovision in previous year	**12**	92
Deferred tax (note 15)	**1,031**	–
	1,763	2,937

8. Dividends

	Year ended 31 December 2001 €'000	Year ended 31 December 2000 €'000
Ordinary shares:		
– interim paid €0.017 per share (2000: €0.0101)	**801**	444
– interim paid €0.000 per share (2000: €0.0174)	**–**	762
– final proposed €0.034 per share (2000: €0.0117)	**1,603**	550
	2,404	1,756

9. Earnings per Share

	Year ended 31 December 2001 €'000	Year ended 31 December 2000 €'000
Profit for the financial year	**7,329**	8,013
	'000	*'000*
Weighted average number of shares in issue	**47,144**	44,019
Dilutive effect of options outstanding	**3,848**	3,491
Diluted weighted average number of shares	**50,992**	47,510
Basic earnings per share	**€0.1555**	€0.1820
Diluted earnings per share	**€0.1437**	€0.1687

10. Intangible Assets – Goodwill

	Group 31 December 2001 €'000	Group 31 December 2000 €'000	Company 31 December 2001 €'000	Company 31 December 2000 €'000
Cost				
Goodwill at cost	**2,108**	2,108	**2,421**	2,421
Amortisation				
Opening balance	**841**	720	**841**	720
Amortisation for year	**121**	121	**121**	121
Closing balance	**962**	841	**962**	841
Net book value				
At 31 December	**1,146**	1,267	**1,459**	1,580

Intangible assets in the Company arise from the amalgamation of three bookmaking businesses to form Power Leisure plc.

11. Tangible Assets

Group	*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 2001	13,186	12,415	5,371	2,588	1,334	469	**35,363**
Additions	1,401	2,623	1,943	84	–	347	**6,398**
Disposals	–	–	–	–	–	(185)	**(185)**
At 31 December 2001	14,587	15,038	7,314	2,672	1,334	631	**41,576**
Accumulated Depreciation							
At 1 January 2001	3,667	6,698	846	1330	1,334	152	**14,027**
Charge for year	574	1,670	2,126	431	–	110	**4,911**
Disposals	–	–	–	–	–	(111)	**(111)**
At 31 December 2001	4,241	8,368	2,972	1,761	1,334	151	**18,827**
Net book value							
At 31 December 2000	9,519	5,717	4,525	1,258	–	317	**21,336**
At 31 December 2001	10,346	6,670	4,342	911	–	480	**22,749**

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 €2.3 million at 31 December 2001 (31 December 2000: €2.5 million) and were valued on an existing use basis by Jones Lang LaSalle at 30 June 2000 at €5.8 million.

11. Tangible Assets *continued*

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							
At 1 January 2001	12,733	12,367	975	2,588	1,334	469	**30,466**
Additions	1,368	2,203	718	84	–	275	**4,648**
Disposals	–	–	–	–	–	(185)	**(185)**
At 31 December 2001	14,101	14,570	1,693	2,672	1,334	559	**34,929**
Accumulated Depreciation							
At 1 January 2001	3,482	6,692	332	1,330	1,334	152	**13,322**
Charge for year	539	1,624	396	431	–	98	**3,088**
Disposals	–	–	–	–	–	(111)	**(111)**
31 December 2001	4,021	8,316	728	1,761	1,334	139	**16,299**
Net book value							
At 31 December 2000	9,251	5,675	643	1,258	–	317	**17,144**
At 31 December 2001	10,080	6,254	965	911	–	420	**18,630**

12. Debtors

	Group 31 December 2001 €'000	*Group 31 December 2000 €'000*	*Company 31 December 2001 €'000*	*Company 31 December 2000 €'000*
Sundry debtors and prepayments	**1,110**	671	**811**	670
Amounts due from Group companies	**–**	–	**16,726**	7,879
	1,110	671	**17,537**	8,549

All of the above debtors fall due within one year.

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

	Group 31 December 2001 €'000	Group 31 December 2000 €'000	Company 31 December 2001 €'000	Company 31 December 2000 €'000
Trade creditors	**1,765**	1,141	**1,765**	1,130
Accruals	**1,687**	4,954	**1,358**	4,920
Customer balances	**2,619**	1,266	**1,417**	687
Corporation tax	**720**	2,828	**720**	2,828
PAYE and Social Welfare	**633**	340	**533**	340
Betting duty	**505**	1,110	**455**	1,110
Value added tax	**1,010**	1,051	**1,010**	1,049
Dividends payable	**1,603**	550	**1,603**	550
Finance leases	**213**	–	**153**	–
Amounts owed to Group companies	**–**	–	**65**	78
	10,755	13,240	**9,079**	12,692

14. **Creditors** (Amount Falling Due After One Year)

	Group 31 December 2001 €'000	Group 31 December 2000 €'000	Company 31 December 2001 €'000	Company 31 December 2000 €'000
Finance lease obligations which fall due				
Between one and two years	**213**	–	**153**	–
Between two and five years	**580**	–	**313**	–
	793	–	**466**	–

15. **Provisions for Liabilities and Charges – Deferred Tax**

	Group 31 December 2001 €'000	Company 31 December 2001 €'000
Balance at start of year	**–**	–
Charge for the year (note 7)	**1,031**	1,031
	1,031	1,031

The deferred tax charge arose in respect of accelerated capital allowances arising as a result of a leasing transaction entered into by the Group during the year.

16. Share Capital

	31 December 2001 €'000	31 December 2000 €'000
Authorised		
70,000,000 ordinary shares of €0.10 each	**7,000**	7,000
Allotted, called up and fully paid		
47,144,120 ordinary shares of €0.10 each	**4,714**	4,714

The Company has the following employee share schemes:

(a) 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 such that no further options may be granted pursuant to this Scheme.

(b) 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 have been 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 the subject of an award is equal to €952,306 at market price at the date of grant.

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

At 31 December 2001, 225,908 shares had been issued under the Restricted Share Scheme.

16. **Share Capital** *continued*

(c) The Power Leisure plc November 2000 Share Option Scheme (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.

Options may be granted within a period of 10 years from 7 December 2000 at the higher of nominal and market value. Options may not be exercised earlier than three years from the date of grant and may 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 over 50,000 shares were granted at an exercise price of €2.40 per share. During 2001 options over 392,756 shares were granted at exercise prices of between €2.40 and €3.59 per share.

(d) 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 in connection with the scheme may not exceed €64.

General

The maximum number of shares over 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 over 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.

17. Share Premium

	31 December 2001 €'000	31 December 2000 €'000
At 1 January	**3,585**	305
Premium on issue of new shares	**–**	6,112
Cost of share placing	**(280)**	(2,832)
At 31 December	**3,305**	3,585

18. Cash Flows

(a) Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	31 December 2001 €'000	31 December 2000 €'000
Operating profit	**8,507**	10,629
Depreciation	**4,911**	3,538
Amortisation of goodwill	**121**	121
Decrease/(increase) in debtors	**(440)**	237
Increase/(decrease) in creditors	**(1,642)**	5,429
Loss on disposal of fixed assets	**4**	150
Net cash inflow from operating activities	**11,461**	20,104

(b) Analysis of Changes in Cash During the Year

	31 December 2001 €'000	31 December 2000 €'000
Balance at 1 January 2001	**16,054**	5,840
Net cash inflow	**2,253**	10,214
Balance at 31 December 2001	**18,307**	16,054

19. Financial Assets – Company

	31 December 2001 *€'000*	*31 December 2000* *€'000*
Investment in Subsidiaries at Cost		
Balance, start of year	**95**	69
Additional investments	**8**	26
Balance, end of year	**103**	95

The Company had the following subsidiaries, all of which are wholly owned, at 31 December 2001:

Name	*Country of Incorporation*	*Activity*	*Registered Office*
Zephyr Limited	Ireland	Property Holding	Airton House, Dublin 24
KOR Enterprises	Ireland	Property Holding	Airton House, Dublin 24
Rexbury Limited	Ireland	Property Holding	Airton House, Dublin 24
QC Holdings Limited	Ireland	Property Holding	Airton House, Dublin 24
Pridepark Developments Limited	Ireland	Property Holding	Airton House, Dublin 24
Power Leisure (IOM) Limited	Ireland	Call Centre Administration	Atlantic House, Douglas, Isle of Man
Leisurebet Limited	Ireland	On-line Bookmaker	Airton House, Dublin 24
Power Leisure Bookmakers Limited	UK	Bookmaker	City Business Centre, London SE16 2XB
Paddy Power (Malta) Limited	Malta	Non-trading	Alpine House, San Gwann, Malta

20. Pension Arrangements

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

Pension costs for the year amounted to €399,000 (2000: €381,000) and there were no significant amounts due to the schemes at year end (2000: Nil).

21. Commitments and Contingencies

(a) Guarantees

The Company has revolving credit and guarantee facilities of €6.98 million and €0.8 million respectively with AIB plc. The bank holds a first fixed charge over the Group's freehold and long leasehold properties as security for the facilities.

(b) Capital Commitments

The Group has entered into commitments for capital expenditure not provided for in the financial statements amounting to €0.2 million (2000: €0.5 million).

(c) Operating Lease Commitments

The Group has annual commitments of €3.3 million (2000: €2.9 million) in respect of operating leases on properties which expire:

	31 December 2001 €'000
Within 1 year	**286**
Between 2 and 5 years	**367**
After 5 years	**2,678**
	3,331

22. Related Party Transactions

The Company paid rent of €19,046 (2000 – €19,046) and €12,788 (2000 – €12,788) during the year for retail properties occupied by the Company under long term leases and owned by Stewart Kenny and David Power respectively, both of whom are directors.

David Power, a non-executive director, received €3,809 (2000 – €3,809) in respect of consulting fees.

The Company paid Tatoria Limited €20,284 (2000 – €39,997) during the year for audio-visual services. Peter O'Grady Walshe, a non-executive director, 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 Group and the Group has placed deposits with the bank. Michael Quinn, a non-executive director of the Company, is a director of the bank.

The Group engaged in hedging transactions with David Power, a non-executive director, in his capacity as an on-course bookmaker. In aggregate, bets totalling €8,734 (2000 – €3,000) were placed by the Group with Richard Power On-Course Bookmakers and that firm placed bets totalling €8,539 (2000 – €12,793) with the Group.

All of the above transactions were conducted on an arms length basis at normal commercial rates.

Five Year Financial Summary

Financial information for the Group for the five years ended 31 December 2001 is set out below in Euro and Sterling.

	2001 *€'000*	*2000* *€'000*	*1999* *€'000*	*1998* *€'000*	*1997* *€'000*
Turnover	**461,075**	362,825	269,640	193,501	154,915
Operating profit	**8,507**	10,629	7,037	5,566	4,477
Profit on ordinary activities before taxation	**9,092**	10,950	7,065	5,585	4,521
Profit on ordinary activities after taxation	**7,329**	8,013	4,958	3,577	2,721
Net cash inflow from operating activities	**11,461**	20,104	9,279	9,074	7,389
Net assets	**30,733**	26,088	16,207	14,122	10,678

Set out below is the above financial information translated into Sterling at the closing exchange rate of Stg£1 = €1.6111 on 31 December 2001, for illustrative purposes only.

	2001 *Stg£'000*	*2000* *Stg£'000*	*1999* *Stg£'000*	*1998* *Stg£'000*	*1997* *Stg£'000*
Turnover	**286,186**	226,440	168,283	120,764	96,683
Operating profit	**5,280**	6,634	4,392	3,474	2,794
Profit on ordinary activities before taxation	**5,643**	6,834	4,409	3,486	2,822
Profit on ordinary activities after taxation	**4,549**	5,001	3,094	2,232	1,698
Net cash inflow from operating activities	**7,114**	12,547	5,791	5,663	4,611
Net assets	**19,076**	16,282	10,115	8,814	6,664

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, 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 Euro

Shareholders will have their dividends paid in Euro.

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 Act, 2001, published on 15 February 2001; these additional provisions take effect from 6 April 2001, subject to the enactment of that Act. 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 on page 47, or from the Revenue Commissioners at the address shown on page 47.

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 47, for a refund of the DWT so deducted.

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 47. 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 47.

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 2001	19 February 2002
Ex-dividend date	27 February 2002
Record date for dividend	1 March 2002
Annual General Meeting	26 April 2002
Dividend payment date	29 April 2002
Announcement of interim results for 2002	30 July 2002

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 Shelbourne Hotel, Dublin 2 at 11.00 am on 26 April 2002 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.

Under the first item of special business, shareholders are being asked to approve the name change of the Company to "Paddy Power public limited company". Power Leisure is Ireland's leading bookmaker and operates all of its primary businesses under the well known trade name "Paddy Power". The purpose of this proposed change of name is to align the name by which the business of the Company is popularly known with its formal company name. As "Paddy Power" is a significant Irish brand, the Board believes that the profile of the Company will benefit from this change. Shareholders are reminded that their holdings would be unaffected by this name change and that their existing share certificates should be retained, as they will remain valid for all purposes. From the effective date of the proposed name change, any new share certificates issued as a result of any dealing in the Company's shares would bear the Company's new name.

Shareholders are being asked in resolution 6 to renew, until the next Annual General Meeting in 2003 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 to 5% of the nominal value of the Company's issued ordinary share capital for the time being.

Your Board believes that the resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and its shareholders as a whole. Accordingly, your directors recommend you to vote in favour of the resolutions, as they intend to do so themselves.

Further Action

A Form of Proxy for use at the Annual General Meeting is enclosed with this Annual Report. The Forms of Proxy will be valid if lodged at the Registered Office of the Company or with the Company's Registrars, Computershare Services (Ireland) Limited, PO Box 954, 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 Shelbourne Hotel, Dublin 2 on 26 April 2002 at 11.00 am for the following purposes:

1 To receive and consider the financial statements for the year ended 31 December 2001 and the reports of the directors and auditors thereon.

2 To declare a final dividend of €0.034 per share for the year ended 31 December 2001.

3 To re-appoint, as a director, Mr Ross Ivers who, following his appointment by the directors to the Board on 4 September 2001, retires in accordance with the Articles of Association and being eligible offers himself for re-appointment.

4 To authorise the directors to fix the remuneration of the auditors for the year ending 31 December 2002.

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

As special resolutions

5 "That the name of the Company shall be changed from Power Leisure public limited company to Paddy Power public limited company."

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 at the Annual General Meeting in 2001 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 (other than those holders with registered addresses outside the State to whom an offer would, in the opinion of the directors, be impractical or unlawful in any jurisdiction) 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 such power shall expire at the close of business on the date of the Annual General Meeting of the Company to be held during 2003 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

C Kelly

Charles Kelly
Secretary

27 February 2002

Registered Office:
Airton House, Airton Road, Tallaght, Dublin 24.

Notice of Annual General Meeting

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 Forms of Proxy duly signed 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) will be valid if they are lodged with the Company's Registrar, Computershare Services (Ireland) Limited, PO Box 954, Sandyford, Dublin 18 by not later than 11 am on 24 April, 2002.

3 The Company, pursuant to Regulation 14 of the Companies Act, 1990 (Uncertificated Securities) Regulations, 1996, specifies that only those shareholders registered in the register of members of the Company as at 11 am on 25 April 2002 (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.

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sponsorship

Power Leisure plc

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