

## Operations Review

Paddy Power continues to be a small stake fixed odds bookmaker operating through the brand name Paddy Power Bookmaker. Distribution is primarily through a 129-shop Betting Office estate complemented by the fast growing Telephone and On-line channels.

## Betting Offices

The Group operates 129 Betting Offices (2001: 122) throughout Ireland and the UK. Three (2001: four) new Irish outlets were opened in the six months to 30 June 2002. 127 of the Betting Offices are in Ireland and two are in the UK. The Group also operates four racecourse outlets (2001: four) as well as a shop in Lansdowne Road, home of the Irish Rugby Football Union and home ground for the Football Association of Ireland. During the period the Group relocated one (2001: one) Betting Office to larger and better-positioned premises and undertook three (2001: three) refurbishments.

The Group has also identified a number of premises in the UK and has applied for licences to open a small number of new outlets in 2002 and 2003.



## Telephone Betting

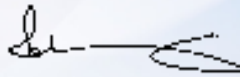
The Group operates a telephone betting service "Dial-a-Bet" available by freephone to Irish and UK based customers. We have continued to see strong growth in this channel with total active customers increasing to 19,085 from 9,227 at 31 December 2001. (Active customers are those that have bet with us in the previous three months). In January 2002, we commenced actively marketing this product in the UK, making our prices available via key mediums such as Channel 4 and ITV Text services, and as well as a range of other promotional activities. Our UK active customer base has grown to 13,178 from 2,665 at 31 December 2001. We are very pleased with the acceptance of the Paddy Power Brand in the UK and will continue to invest in it as one of our key distribution channels in this market.

## On-line

The On-line division (paddypower.com), has shown very strong growth throughout the period and achieved its first €2million turnover week in June 2002 during the World Cup. The total number of active customers continues to grow each month, reaching 33,988 at 30 June 2002, compared to 14,758 at 31 December 2001. Sterling customers account for 59% of active customers.

## Management

Following the appointment of John O'Reilly as Chief Executive, Ross Ivers has been appointed Deputy Chief Executive and Finance Director. In tandem with his responsibilities as Finance Director, he also assumes responsibility for managing strategic planning and development, investor relations, as well as undertaking a number of specific operational projects.



John O'Reilly

**Chief Executive Officer**

**Dial-a-Bet**

freephone

**1800 721 82**

**one**

