GAMING REALMS

Annual Report and Financial Statements 2013

Gaming Realms intends to be a market leader in design and distribution of next-generation direct to consumer paid for gaming experiences.

Gaming Realms creates, develops and markets interactive next-generation online gambling games delivered via mobile, tablet and desktop computers. Gaming Realms operates in the vibrant and growing online gaming market which in 2012 was worth c.US$35 billion and is expected to grow to c.US$42 billion by 2015. Listed on AIM with operations in the UK, the Group owns four businesses which focus on real money gambling markets within the UK and the global 'Freemium' social gambling market.

Source: H2 Gambling Capital November 2013

Contents

www.gamingrealms.com

Highlights

Operational highlights

Quarter ended 31 December 2013

- **Integration of three business verticals and acquisition of QuickThink Media Limited**
- **Increase to eight brands being marketed**
- **Increase of 334% in new real money gambling depositors compared to previous quarter**
- **Increase of 156% in active daily players compared to previous quarter**

Financial highlights

Period ended 30 September 2013

£0.9m
Revenue

18,881
New depositing players

1,370
September daily average depositors

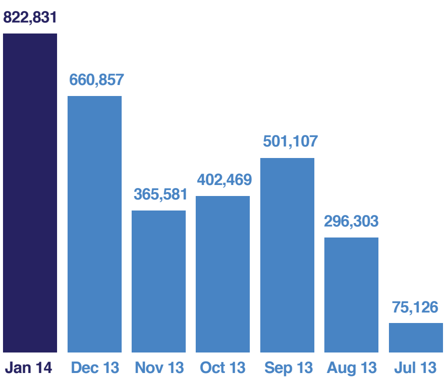
Quarter ended 31 December 2013

£1.4m
Revenue

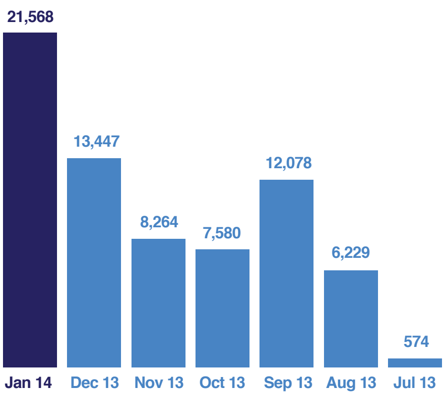
29,291
New depositing players

3,504
December daily average depositors

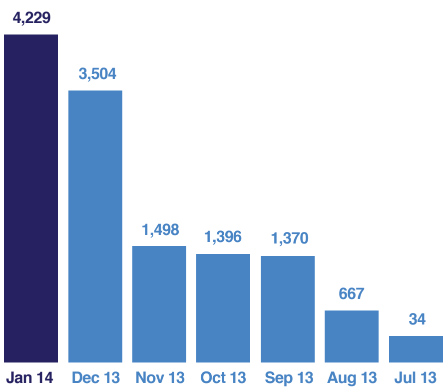
Revenue £'s



First time depositors



Average daily actives



Chairman's and Chief Executive's Review

Michael Buckley
Chairman

Patrick Southon
Chief Executive Officer

Highlights

- 64% revenue increase for quarter ended 31 December 2013 (from previous quarter ended 30 September 2013)
- 334% increase in player numbers from previous quarter ended 30 September 2013
- 29% reduction in cost per player acquisition ("CPA")
- US exposure via targeted CPA deals
- 50% of real money gambling revenue via mobile

Market overview

This has been an exciting first financial period for Gaming Realms. Having completed the reverse acquisition and £3.4 million fundraising, we are ideally placed to capitalise on the significant growth in the online gaming sector as consumers increasingly use mobile access to the internet for gambling.

Gaming Realms currently promotes casino and bingo games developed both in-house and by third parties such as Bede and DragonFish.

During the period, Gaming Realms concentrated on cementing foundations in the casino and bingo segments of the social gaming market. We are rapidly building products and services to meet the growing requirements of gamers to engage on differing social media devices via various touch points such as app stores, Facebook and mobile advertising platforms.

Activity in 2013

Overall we are pleased with our early performance and growth. Our focus has been the adoption of online casino and bingo to mobile devices. Key for Gaming Realms is increasing their number of new users and lowering their CPA. Our growth, both organic and via acquisition, has been focused around this strategy.

In August 2013, we acquired Bejig Limited, a developer and operator of online multiplayer social gambling games. Bejig has a social, virtual currency gambling game "AvaTingo" and a virtual currency casino game "5 Star Slots". Due to the international focus of social gaming products such as 5 Star Slots, Gaming Realms has been able to experiment with a global audience, attracting users on a cost-per-install basis.

Helen Flanagan is first celebrity guest God on Bingo Godz

We also acquired AlchemyBet Limited, which develops and operates mobile slot and casino themed "real-money" gambling games. The games are built in HTML5 and are available across all devices. This added social gambling as well as real money gambling platforms to the Gaming Realms.

Bingo Realms Limited (formerly Gaming Realms Limited) was formed to develop a new bingo concept based on interactive next-generation digital games and its first development, Bingo Godz, was launched in Beta form in August 2013. Bingo Godz offers users a simple yet immersive bingo game experience, which can be played on the web, tablet and mobile platforms. The game play is designed around a selection of "Godz" who provide players with bonus features (e.g. free marks of a bingo ticket, cash-back on tickets for a game if a player doesn't win). Each Godz offers a different power and bonus.

The combination of these social features is designed to result in higher user times, better conversion and increased life-time player value compared with existing online bingo operators. Availability across all devices should also lower the CPA of new players.

In 2013, Gaming Realms won Best Boutique Bingo site for Iceland Bingo in the 2013 Bingoport awards. We were also shortlisted for "Rising Star Award" in the eGaming 2013 Awards Ceremony.

Key strengths

- **Highly experienced team (that has already led a successful gaming company)**
  Management were founder shareholders of Cashcade which was sold to Party Gaming in 2009 for an aggregate £96 million. Additionally the management and team of Bejig have backgrounds in real money gaming, having worked in senior positions in Gamesys and Virtue Fusion, both market-leading companies.

- **Portfolio of successful games**
  The Company currently promotes casino and bingo games, both developed in-house and by third parties such as Bede and DragonFish. All products are suitably licenced and regulated as required.

- **Successful acquisitions**
  Following on from the acquisitions of Bejig Limited and AlchemyBet Limited in August 2013, in December 2013 the Group acquired QuickThink Media Limited, a data marketing company which specialises in acquisition in channels such as Facebook.

- **Specialist marketing expertise**
  Together with QuickThink Media Limited, the Group focuses on targeting and methods of acquisition within the gambling sector which are optimised in terms of achieving as low a CPA as possible.

Chairman's and Chief Executive's Review
continued

Financial results
Throughout 2013 Gaming Realms has invested in technology, enabling the Group to compete in the expanding mobile and tablet gaming market, and marketing its brands to increase user activity.

On 1 August 2013, Gaming Realms completed the reverse acquisition of Pursuit Dynamics PLC and the acquisitions of Bejig Limited and AlchemyBet Limited.

The main expense was on marketing (£1,750,777) in order to drive traffic and liquidity to our brands, and to grow future revenues. This investment impacted our profits for year, and financial results show revenue of £881,060 and a loss before tax of £3,289,631. As at 30 September 2013, the Group had no debt and held £5,185,323 in cash.

To provide a greater level of detail on the Group's financials this year, we have explained the reverse transaction and business combination of the entities in Note 24.

Details of risks facing the Group and policies to manage these risks can be found in the Directors Report on page 10. The Group's KPI's of net revenue, EBITDA, cash at year end, new depositing players and active depositing players, is shown on the adjacent page.

Financial key performance indicators
Gaming Realms generated £881,060 in revenue for the period ending 30 September 2013. Revenue generated from marketing services is calculated as a percentage of net gaming revenue from the operators, and represents 25% of total revenue for the period. For the two months since the acquisition, social gaming revenue derived from the purchase of credits and awards on the social gaming sites represents 50% of the total revenue. Real money gaming, in the two months since acquisition, derived revenue from online gambling operations which represents 25% of total revenue. The adjusted EBITDA (a loss of £2,323,343) is calculated before deducting the share-based payment charge arising from acquisition as a once-off cost associated with the reverse transaction of Bingo Realms Limited into Gaming Realms plc, share-based payment for share options and listing and acquisition costs.

The Group discloses marketing, operating and administrative expenses on the face of the consolidated statement of comprehensive income. As noted above, the Group invested heavily in marketing, spending a total of £1,750,777 on online, TV and affiliate marketing in the period.

The cash balance at 30 September 2013 was £5,185,323.

Post period end
Gaming Realms focuses on targeting new customers and methods of customer acquisition within the gambling sector. In December 2013, the Group acquired QuickThink Media Limited, a data marketing company specialising in customer acquisition via channels such as Facebook.

On the same day, the Group raised an additional £2.4 million through a placing of 11,476,190 new ordinary shares at 21 pence per share.

For the first four months of the new financial year, revenue has increased by an average 64% per month, with new depositing players up by 55%. The result is particularly strong given the platform stability issues Bingo Godz encountered following its beta launch. Our partner, Bede Gaming, has been working to resolve these issues and the Group is now preparing to scale the product and begin a Bingo Godz marketing campaign.

Outlook

Given the increased investment in product development and marketing, the Board believe Gaming Realms is well positioned to produce similar growth and player acquisition throughout the remainder of the current financial year. Gaming Realms' objective is simple: engage users on new devices and further reduce our CPA. The Group's marketing efforts will therefore focus on testing the engagement of users on a variety of mobile traffic sources, with a focus on reducing CPA.

Our work on targeting users via Facebook is highly relevant as we build on formats for mobile-related devices and we believe we will shortly see gains from this channel. Wagering on platforms such as Castle Jackpot is already 36% mobile-related, without additional mobile-specific traffic and advertisements. The marketing team has been expanded and will in 2014 start carrying out tests on a variety of mobile traffic sources.

A spin-off benefit of our work targeting Facebook users, combined with ownership of a significant US social casino database, is the opportunity to engage new and existing US gaming clients on a marketing services basis. Two US casino marketing trials are now actively generating insight for Gaming Realms and our partners which we believe could provide a significant opportunity for the Group over the coming years.

We are also in the process of enabling a new customer relationship management system, in order to engage real money users in one-to-one daily notifications and bonuses. This technique and system has been taken directly from the social games studio and has been trialled and tested using Iceland Bingo. The platform will be rolled out to our other real money brands over the coming months.

Initial tests in the UK market using brands such as Pocket Fruity and Castle Jackpot demonstrate low CPA, and in 2014 we will be looking to increase revenues significantly from this channel.

Currently our focus is the UK market; we will look at new regions for expansion as legislation allows.

Michael Buckley
Chairman
19 February 2014

Patrick Southon
Chief Executive Officer
19 February 2014

Financial key performance indicators

	2013 £000s
Revenue	881
Adjusted EBITDA	(2,323)
Loss before taxation	(3,290)
EPS from continuing operations (pence)	(9.03)
Total assets	12,563
Net assets	10,740
Net current assets	6,530
Cash and cash equivalents at the period end	5,185
Average monthly new depositing players (number)	9,153
Average daily active depositing players (number)	1,012

Our position in the market

Our products bridge two very exciting markets: real money and social gambling, providing a strong USP for the post-UK Consumption Tax era.

Our brands

Casino

Business model

Real money gambling
Online and mobile based casino sites which focus on the UK market

Social

Business model

Freemium social gambling
Players pay via Facebook credits to play free games hoping to collect rewards and complete levels

Bingo

Business model

Online bingo
Playing 75 and 90 ball bingo where players play bingo and chat within chat rooms both online and via mobile/tablet devices

Marketing

Business model

Intelligent marketing for real money and social gambling
User acquisition for both in-house and external clients

Our strategy

Acquisition

- New platforms
- New marketing channels
- New "fun" brands
- Targeted corporate acquisition

How are we doing this?

- Multiple brands designed to achieve low CPAs for different marketing channels
- New platforms which allow players to play across any device
- Selected acquisition such as QuickThink Media Limited which enhances understanding of the latest acquisition methods

Retention

- In game levels
- Collections
- Unified notifications
- Algorithmic customer relationship management ("CRM")

How are we doing this?

- Use where appropriate of the tools developed for social games which enhance the player lifetime
- One-to-one consumer marketing which allows for a more in-depth relationship with the player
- Deeper segmentation of player segments in order to "personalise" CRM to various player habits

Monetisation

- Freemium games
- Database management
- New payment methods

How are we doing this?

- As wide a selection of games as possible
- Cross promotion via "cohorts" into the most appropriate product
- New simplified methods of payment to allow for a seamless entry into the gaming experience

Our markets

The growth of online gambling

- Online gambling is estimated to be worth $42 billion by 2015
  Source: H2 Gambling Capital November 2013.
- Social Gambling is estimated to be worth £2.6 billion by 2016
  Source: Morgan Stanley Blue Paper Social Gambling November 2012.

H2 expects the mobile gambling market to continue growing at a significant rate over the next five years, beyond 2018 mobile gambling revenue will surpass that of PC.

Based on H2 calculations regarding the current size of the global mobile gambling market, H2 has concluded a total of just under €4.5 billion in gross wins was generated via the mobile channel in 2012, this is forecast to grow to €5.8 billion during 2013 and €19 billion by the end of 2018.

By the end of 2018 mobile is forecast to account for just under 44% of all interactive gambling. A phone or tablet device is the first and last thing many people look at every day.

Source: H2 Gambling Capital November 2013.

Mobile focus offers an opportunity to attract a whole new demographic of gambler and it will remain a key driver for Gaming Realm's future growth. This emerging demographic is not the same as traditional PC gamblers and often is more entertainment focused seeking value rather than big wins.

The UK over the next few years will see mobile dominating internet access. Many UK households have both tablet and mobile phones to hand. The UK was the first country to regulate interactive gambling and culturally UK consumers enjoy gambling as part of their weekly routine. In excess of 70% of the UK population over the age of 16 have gambled on one or more product in the last year.

Source: Gambling Commission, British Gambling Prevalance Survey 2010.

It is not just online gaming which is seeing this mobile based transformation. Mobile is where Facebook has the most room to grow. More than half of daily active Facebook users are accessing the site's services solely through mobile devices. There are an estimated three billion people using mobile devices worldwide, which means Facebook currently only reaches 18% of all mobile device users on a daily basis. It is anticipated Facebook will see substantial traction in growing mobile usage in the coming years.

Source: Pew Research February 2014.

From a more wide view perspective igambling is continuing to grow apace despite recent economic challenges. Total global gambling gross win for igaming is projected to rise from a total of €26.7 billion in 2013 to €43.3 billion in 2018.

Source: Gaming Dashboard H2 Gaming Capital 7 November 2013.

Board of Directors

Michael Buckley
Chairman

Michael Buckley was Chairman of Cashcade, which he founded with Patrick Southon and Simon Collins in 2000. Cashcade became a leading UK based online gaming company prior to its sale to PartyGaming plc in 2009 for an aggregate sale consideration of approximately £96 million for shareholders.

Michael has invested in and been Chairman of a number of public companies. These include SelecTv plc, a producer of comedy and comedy drama series for television such as Lovejoy, Birds of a Feather and The New Statesman. SelecTv invested in a consortium which in 1991 won the franchise to create Meridian Television of which Michael was a founding director. He was also Chairman of Pacific Media plc, which invested in a number of internet backbone companies in Asia during the 1990s as well as creating a chain of movie theatres in South East Asia in partnership with United Artists Theatre Circuit Inc. Michael has held other public and private company directorships, having obtained a professional qualification as a chartered accountant in the UK.

Patrick Southon
Chief Executive Officer

Patrick has been working within the online gambling sectors for the last 13 years. He is particularly focused on marketing, brand building and media buying. Patrick was Managing Director of Cashcade and Managing Partner of NewGame an investment fund focusing on innovation within the gambling sector. His marketing expertise allowed Cashcade to build a distinctive and prominent brand identity around, among others, its flagship “Foxy Bingo” brand and turned the company into one of the most effective advertisers on British television. Based on research by TNS, Marketing Magazine cited Foxy Bingo as having the best-value television advertising between 2008 and 2010.

Simon Collins
Executive Director

Simon was the co-founder and commercial director of Cashcade. He formed a range of profitable business-to-business and affiliate relationships for Cashcade and was an early adopter of both search engine and social network marketing in the monetised digital gaming space. In 2008 and 2009, Cashcade featured in The Sunday Times Top 20 fastest growing technology companies and the business won numerous other industry awards. Following the sale of Cashcade Simon remained at Bwin.party until April 2011, where he focused on innovation, research and development as well as the ongoing development of Cashcade’s brand in the social networking space. Since leaving Bwin.party, Simon joined Patrick Southon in setting up NewGame an investment fund focusing on innovation within the gambling sector.

Mark Segal
Chief Financial Officer

Mark recently left Bwin.party as Finance Director for the bingo vertical. Previous to that Mark was Finance Director of Cashcade until it was acquired by PartyGaming plc in July 2009. Mark was responsible for the full finance function, including commercial negotiations, business intelligence and operational support in the business, and was involved in the sale to PartyGaming plc and acquisition by Cashcade of Independent Technology Ventures in July 2007. Prior to joining Cashcade, in May 2005, Mark spent five years at the accountancy firm Martin Greene Ravden, where he qualified as a chartered accountant in 2003.

Jim Ryan
Non-executive Director

Jim Ryan recently retired as the Co-CEO of Bwin.party. He has spent the last 12 years of his career in leadership roles within the online gaming sector. Jim has led a number of the industry's largest merger and acquisition transactions which include the merger of PartyGaming plc and Bwin, the acquisitions of Cashcade (Foxy Bingo) and the World Poker Tour and the sale of St Minver Limited. Jim held senior posts at three publicly listed companies as President and Chief Executive Officer of Excapsa Software Inc and as Chief Financial Officer of CryptoLogic Inc. and Chief Financial Officer of SXC Health Solutions Corp and was CEO of St. Minver Limited. Jim also held senior management posts at Procuron Inc., Metcan Information Technologies Inc and Epson Canada Limited. Educated at Brock University (Goodman School of Business) in Ontario, Canada, where he obtained a business degree with first class honours, Jim obtained professional qualifications as a chartered accountant and certified public accountant from the Canadian Institute of Chartered Accountants.

Mark Wilson
Non-executive Director

Mark Wilson is currently strategic adviser to Sky International for the Americas and is an investor in media, gaming and real estate. Mark has held senior level leadership positions at Television Games Network, Music Choice International, Hubbard Enterprises, New Mexico Gaming, LLC and Churchill Downs, Inc. Mark received his undergraduate degree from Western Kentucky University with honours and a Juris Doctorate from the University of Louisville.

Directors Report

The Directors present their annual report together with the audited financial statements for the period ended 30 September 2013.

Principal activities
The principal activities of Pursuit Dynamics PLC (now known as Gaming Realms plc "the Company") and its subsidiaries (together "the Group"), prior to the reverse acquisition on the 1 August 2013, were the development and commercialisation of its innovative PDX platform technology within a number of industries, and the sale of ancillary products to those industries. On 26 February 2013, the Board completed its review of options for the business and concluded that shareholder value would be best maximised by the orderly liquidation of the Group's subsidiaries' assets and to review the strategic options available to create value for shareholders.

On 1 August 2013, Bingo Realms Limited completed a reverse takeover of the Company. Following the acquisition the nature of the Company's business transformed and the name of the Company changed to Gaming Realms plc to reflect its new activities. On 1 August 2013 Gaming Realms plc also acquired Alchemy Bet Limited and Bejig Limited for £4,581,035 in total.

These financial statements present the results of Bingo Realms Limited from 2 July 2012 together with the results of the enlarged Group from 1 August 2013 to 30 September 2013.

During the period, Bingo Realms Limited provided marketing services to interactive gambling operators. From the acquisition date, the Group provided and marketed interactive bingo and casino services to customers in the UK and social gaming on Facebook to customers in the US and Europe.

Results and dividends
The results for the year are set out on page 15. The Company will not be paying a dividend this year.

Disclosures to auditors
The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken steps that ought to have been taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

BDO LLP, who were appointed during the year as auditors of the Company by the Directors, have expressed their willingness to continue in office and a resolution to reappoint them will be proposed for the Annual General Meeting in accordance with Section 489 of the Companies Act 2006.

Details of the Group's business review, principal risks and uncertainties, key performance indicators and other matters are given in the Strategic Report on page 2.

Financial instruments
Details of the Group's financial risk management objectives and policies are included in note 19 to the financial statements.

Names of Directors and dates of any changes
The Directors who served during the year and to the date of this report were:

Andrew Quinn	(resigned 4 December 2012)
Brian Sweeney	(resigned 4 December 2012)
Jeremy Pelczer	(resigned 4 December 2012)
Bernard Bulkin	(resigned 1 August 2013)
Hagen Gehringer	(appointed 4 December 2012, resigned 28 March 2013)
Paul Banner	(appointed 4 December 2012, resigned 1 August 2013)
Phil Corbishley	(appointed 4 December 2012, resigned 1 August 2013)
Michael Buckley	(appointed 1 August 2013)
Patrick Southon	(appointed 1 August 2013)
Mark Segal	(appointed 1 August 2013)
Simon Collins	(appointed 1 August 2013)
Jim Ryan	(appointed 1 August 2013)
Mark Wilson	(appointed 1 August 2013)

Events after reporting date
On 10 December 2013, the Group acquired QuickThink Media Limited for an estimated total consideration of £2,220,850, comprising in £1,470,850 cash and a deferred payment of 3,571,428 ordinary shares being the equivalent of approximately £750,000 at a price of 21 pence per share to be allotted and admitted to trading 12 months from completion. QuickThink Media Limited is a specialist online gaming marketing agency which will enhance Gaming Realm's activities by cost-effectively capturing new users across emerging digital channels such as Facebook.

On the same day, Gaming Realms also raised a further £2,400,000 through the placing of 11,476,190 new ordinary shares at 21 pence per share.

Future developments
Future developments are discussed in the Chairman's and Chief Executive's Review.

Principal risks and uncertainties
Dependence on third parties

The Group's business is dependent on third party developers (who are building the gambling platform and software for Bingo Godz and Castle Jackpot), gambling operators (Gaming Realms is marketing the products) and software providers (who provide various tools to increase efficiency in the Group). The Group is also dependent on mobile networks, mobile content providers and media groups, as well as other service providers who, for example, provide payment processing and customer age and ID verification. If there are any interruptions to the products or services provided by other third parties or if there are problems with them supplying the products or services, the Group's business could be adversely affected. To mitigate this risk of interruption to products and services supplied the Group uses reliable and established industry suppliers as well as ensuring that contractual agreements with key partners are adequate to offer protection to the Group.

Regulatory risk

During the year, the Group's gambling activities have been operated under the jurisdiction of the UK Gambling Commission, where it is licensed, and its gambling operations are based. The regime under which the UK permits remote gambling operations to be operated within its jurisdiction may be altered or restricted through legislation in the UK, which could render the Group's operating base unusable or uneconomic. In addition, territories where the Group wishes to market its UK-based gambling services may impose restrictions upon remote gambling services which would restrict the Group's ability to market to potential customers in that territory or to service existing customers by, for example, restricting financial transactions.

Where such restrictions exist, or come into existence in the future, and/or in each case are actively enforced, the Group may not be able to offer its gambling/gaming services, or may be required to seek on-shore gambling/gaming licenses local to these territories. Restrictions on promotion and/or the operation of remote gambling/gaming services in any particular location might also diminish or inhibit the Group's ability to secure distribution in such territories.

It is not considered likely that such changes in legislation that will materially impact the business will be made at the present time.

Technological/industry standards change

As a developing online business, the IT systems are critical to operations. The Group is reliant on the performance of these systems. Changes may render the Group's existing products obsolete and unmarketable if the Group is unable to respond in a timely fashion. To mitigate this risk the Group continually monitors customer habits and technological advancements in order to ensure we are best placed to respond to industrial change as far as possible. The Group takes information technology risks seriously and keeps its policies under review in order to mitigate these risks.

Taxation risk

The Group aims to ensure that each legal entity within the Group is a tax resident of the jurisdiction in which it is incorporated and has no taxable presence in any other jurisdiction. While the Group's customers are located predominantly in the UK, where customers are located elsewhere those jurisdictions may seek to tax such activity which could have an adverse effect on the amount of tax payable by the Group or on customers' behaviour.

The UK Government announced that the new "point of consumption" system for remote gaming duty will come into force on 1 December 2014 whilst precise details are still uncertain, it is expected that gaming operators will be required to pay UK tax on revenue generated from customers in the UK no matter where the operator is located. The proposed duty will be taxed at 15% of the net stake receipts. The introduction of the new tax regime will affect the profitability of our products currently operating on a non-UK licence.

The Group actively monitors taxation risk and takes such steps as it considers necessary to minimise such risks.

Patrick Southon
Chief Executive Officer
19 February 2014

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union and the Parent company financial statements in accordance with applicable law and UK accounting standards (UK Generally Accepted Accounting Practice). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market ("AIM").

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the UK governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Corporate Governance

Although companies traded on AIM are not required to provide corporate governance disclosure, or follow guidelines in the UK Corporate Governance Code ("the Code") issued by the Financial Reporting Council ("FRC"), the Directors recognise the value and importance of high standards of corporate governance.

The Company follows the recommendations on corporate governance from the Quoted Companies Alliance for companies with shares traded on AIM.

Given the Company's size and the constitution of the Board, the following is a brief summary of the main aspects of corporate governance currently in place.

With effect from the admission to AIM in August 2013, the Board has established an Audit Committee and a Remuneration Committee with formally delegated responsibilities.

The Remuneration Committee is chaired by Mark Wilson. Its other members are Michael Buckley and Jim Ryan. This committee reviews the performance of the Executive Directors and makes recommendations to the Board on matters relating to their remuneration and terms of employment. The Remuneration Committee also makes recommendations to the Board on proposals for the granting of share options and other equity incentives. The Board sets the remuneration and terms and conditions of appointment of the Non-executive Directors.

The Audit Committee is chaired by Jim Ryan. Its other members are Mark Wilson and Michael Buckley. The Committee determines the terms of engagement of the Company's auditors and, in consultation with them, the scope of the audit. It receives and reviews reports from management and the Company's auditors relating to the interim and annual financial statements and the accounting and internal control systems in use by the Group. The Audit Committee has unrestricted access to the Company's auditors. Under its terms of reference, the Audit Committee monitors, amongst other matters, the integrity of the Group's financial statements. The Committee is responsible for monitoring the effectiveness of the external audit process and making recommendations to the Board in relation to the re-appointment of the external auditors. It is responsible for ensuring that an appropriate business relationship is maintained between the Group and the external auditors, including reviewing non-audit services and fees. The Committee meets with Executive Directors and management as well as meeting privately with the external auditors.

As the Board is small, there is not a separate Nominations Committee and the Board as a whole considers recommendations for appointments to the Board.

The Directors follow the guidance set out by Rule 21 of AIM Rules relating to dealings by Directors in the Company's securities and, to this end, the Company has adopted an appropriate share dealing code.

Going concern

Under company law, the Company's Directors are required to consider whether it is appropriate to prepare financial statements on the basis that the Group and Company are a going concern. As part of the normal business practice the Group prepares annual and three year plans and, in reviewing this information, the Company's Directors are satisfied that the Group and the Company have reasonable resources and future cash flows to enable them to continue in business for the foreseeable future. For this reason, the Company and Group continue to adopt the going concern basis in preparing the financial statements.

Independent Auditor's report to the members of Gaming Realms plc

We have audited the financial statements of Gaming Realms plc for the period ended 30 September 2013 which comprise the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity, the company balance sheet and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors
As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements
In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the Parent company's affairs as at 30 September 2013 and of the Group's loss for the period then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent company's financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion the information given in the strategic report and Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Kieran Storan (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
19 February 2014

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated statement of profit and loss and other comprehensive income

For the period 2 July 2012 to 30 September 2013

	Note	2 July 2012 to 30 September 2013 £
Revenue		881,060
Marketing expenses		(1,750,777)
Operating expenses	3	(348,260)
Administrative expenses	3	(1,105,366)
Adjusted EBITDA		(2,323,343)
Listing and acquisition costs	3	(436,341)
Share-based payment arising on reverse transaction	24	(319,348)
Share-based payment	23	(36,471)
EBITDA		(3,115,503)
Amortisation of intangible assets	3	(169,686)
Depreciation of property, plant and equipment	3	(3,015)
Finance expense	9	(3,313)
Finance income	9	1,886
Loss before tax		(3,289,631)
Tax expense	10	–
Loss and total comprehensive income for the financial period		(3,289,631)
Earnings per share		
Loss per share		
Basic and diluted (pence)	11	(9.03)

The notes on pages 19 to 39 form part of these financial statements.

Consolidated statement of financial position

As at 30 September 2013

	Note	30 September 2013 £
Assets		
Non-current assets		
Property, plant and equipment	12	59,640
Goodwill	13	4,810,187
Intangible assets	13	1,105,471
Other assets	14	57,598
		6,032,896
Current assets		
Trade and other receivables	16	1,344,776
Cash and cash equivalents	15	5,185,323
		6,530,099
Total assets		12,562,995
Current liabilities		
Trade and other payables	17	1,778,287
Loans and borrowings	18	24,000
		1,802,287
Non-current liabilities		
Loans and borrowings	18	20,504
		20,504
Total liabilities		1,822,791
Net assets		10,740,204
Equity		
Share capital	20	14,633,369
Share premium reserve	21	70,437,354
Merger reserve	21	(71,077,359)
Retained earnings	21	(3,253,160)
Total equity		10,740,204

The notes on pages 19 to 39 form part of these financial statements. The financial statements were approved and authorised for issue by the Board of Directors on 19 February 2014 and were signed on its behalf by:

Patrick Southon
Chief Executive Officer

Consolidated statement of cash flows

For the period 2 July 2012 to 30 September 2013

	Note	2013 £
Cash flows from operating activities		
Loss for the period		(3,289,631)
Adjustments for:		
Depreciation of property, plant and equipment	12	3,015
Amortisation of intangible fixed assets	13	169,686
Finance income	9	(1,886)
Finance expense	9	3,313
Fair value adjustment to equity interest held	24	38,187
Share-based payment arising on reverse transaction	24	319,348
Share-based payment expense	23	36,471
Increase in trade and other receivables		(658,500)
Decrease in trade and other payables		(408,507)
Increase in other assets		(2,000)
Net cash flows from operating activities		(3,790,504)
Investing activities		
Acquisition of subsidiary, net of cash acquired	24	119,622
Investments	24	(533,842)
Purchases of property, plant and equipment	12	(34,706)
Purchase of intangibles	13	(410,206)
Interest received	9	1,886
Net cash from investing activities		(857,246)
Financing activities		
Acquisition of Gaming Realms plc, net of cash acquired	24	3,838,539
Proceeds of Ordinary Share issue		5,910,010
Issuance cost of shares		(30,016)
Repayment of other loans		(4,000)
Interest paid		(3,313)
Net cash from financing activities		9,711,220
Net increase in cash and cash equivalents		5,063,470
Cash and cash equivalents at beginning of period		–
Cash and cash equivalents at end of period	15	5,063,470

The notes on pages 19 to 39 form part of these financial statements.

Consolidated statement of changes in equity

For the period ended 30 September 2013

	Share capital £	Share premium £	Merger reserve £	Retained earnings £	Total equity £
2 July 2012	–	–	–	–	–
Loss for the period	–	–	–	(3,289,631)	(3,289,631)
Issue of share capital	223,750	2,276,250	–	–	2,500,000
Adjustments in respect of reverse transaction	8,262,661	67,404,195	(72,134,521)	–	3,532,335
Shares issued as part of the consideration in a business combination (Note 24)	3,523,873	–	1,057,162	–	4,581,035
Shares issued as part of the capital raising	2,623,085	786,925	–	–	3,410,010
Cost of issue of Ordinary Share capital	–	(30,016)	–	–	(30,016)
Share-based payment – share options (Note 23)	–	–	–	36,471	36,471
30 September 2013	**14,633,369**	**70,437,354**	**(71,077,359)**	**(3,253,160)**	**10,740,204**

The notes on pages 19 to 39 form part of these financial statements.

Notes forming part of the consolidated financial statements

For the period ended 30 September 2013

1. Accounting policies

General information

Gaming Realms plc ("the Company") and its subsidiaries (together "the Group").

The Company is admitted to trading on AIM of the London Stock Exchange. It is incorporated and domiciled in the UK. The address of its registered office is 44 Southampton Buildings, London WC2A 1AP.

Basis of preparation

The principal accounting policies adopted in the preparation of both the Company and the consolidated financial statements are set out below.

The consolidated financial statements are presented in sterling.

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) as adpoted by the EU.

The preparation of financial statements in compliance with adopted IFRSs requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in Note 2.

Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 September 2013 and the results of all subsidiaries for the period then ended.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

During the year, the Company (formerly known as Pursuit Dynamics PLC) acquired 100% of the share capital of Bingo Realms Limited. The Company issued 57,692,309 shares to the original shareholders of Bingo Realms Limited.

The issue of shares resulted in Bingo Realms Limited's original shareholders holding a majority share in the Company.

This transaction did not meet the definition of a business combination in IFRS 3 "Business Combinations". The transaction has therefore been accounted for in the consolidated financial statements in accordance with IFRS 2 "Share-based payment" and has been accounted for as a continuation of the financial statements of Bingo Realms Limited, together with a deemed issue of shares, equivalent to the shares held by the former shareholders of the Company. Bingo Realms Limited was incorporated on the 2 July 2012, no accounts have been produced since its incorporation therefore the consolidated statement of profit and loss and other comprehensive income included in these financial statements is for the period 2 July 2012 to 30 September 2013.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

Revenue

Revenue comprises net gaming revenue derived from online gambling operations, commissions on marketing services and social gaming.

Net gaming revenue derived from real money gaming

Net gaming revenue derives from online gambling operations and is defined as the difference between the amounts of bets placed by the players less amounts won by players. It is stated after deduction of certain bonuses, jackpots and prizes granted to players.

Notes forming part of the consolidated financial statements continued

For the period ended 30 September 2013

1. Accounting policies continued

Net gaming revenue is recognised to the extent that its probable economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is recognised in the accounting periods in which the transactions occur.

Marketing services

Revenue is derived from marketing services provided in relation to online bingo and casino products. The commission revenue is calculated as a percentage of net gaming revenue from the operators.

Commission revenue is recognised to the extent that the probable economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is recognised in the accounting periods in which the transactions occur.

Social gaming revenue

Social gaming revenue derives from the purchase of credits and awards on the social gaming sites. Social gaming revenue is recognised to the extent that it is probable economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is recognised in the accounting periods in which the transactions occur.

Goodwill

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

Impairment of non-financial assets

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ("CGUs"). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

Foreign currency

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in statement of comprehensive income.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

Exchange differences recognised as profit or loss in Group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to other comprehensive income and accumulated in the foreign exchange reserve on consolidation.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of comprehensive income as part of the profit or loss on disposal.

Financial assets

The Group classifies its financial assets depending on the purpose for which the asset was acquired. The Group has not classified any of its financial assets as held to maturity.

The Group's accounting policies for financial assets are as follows:

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Financial liabilities

Financial liabilities held by the Group consist of trade payables and other short-term monetary liabilities.

Financial liabilities are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument and subsequently at amortised cost.

Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Group's Ordinary Shares are classified as equity instruments.

Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where equity instruments are granted to persons other than employees, the consolidated statement of comprehensive income is charged with the fair value of goods and services received.

The fair value of share options issued without market-based vesting conditions is measured by the application of the Black-Scholes option pricing model by reference to the grant date of the options. The fair value of share options issued with market-based vesting conditions is measured by use of the Monte Carlo method.

Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

Notes forming part of the consolidated financial statements continued

For the period ended 30 September 2013

1. Accounting policies continued

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques (see section related to critical estimates and judgements Note 2).

In-process research and development programmes acquired in such combinations are recognised as an asset even if subsequent expenditure is written off because the criteria specified in the policy for development costs below are not met.

The significant intangibles recognised by the Group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

Internally generated intangible assets (development costs)

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the consolidated statement of comprehensive income as incurred.

Intangible asset	Useful economic life
Customer databases	1–2 years
Development costs	3 years
Software	3 years

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- The initial recognition of goodwill
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit
- Investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost less estimated residual value, of each asset evenly over its expected useful life as follows:

Office, furniture and equipment	– 20% per annum straight-line
Computer equipment	– 33% per annum straight-line
Leasehold improvements	– Over the life of the lease

Player liabilities
Liabilities to players comprise the amounts that are credited to customers' accounts including provision for bonuses granted by the Group. These amounts are repayable in accordance with the applicable terms and conditions.

Provisions
Provisions are recognised when the Group has a present or constructive obligation as a result of a past event from which it is probable that it will result in an outflow of economic benefit that can be reasonably estimated.

The following new standards, amendments and interpretations are also effective for the first time in these financial statements:

- IAS 1 Presentation of Financial Statements
- IAS 16 Property, Plant and Equipment
- IAS 32 Financial Instruments: Presentation IFRSs

The following new standards, interpretations and amendments, are effective for annual periods beginning on or after 1 October 2013:

- IFRS 10 Consolidated Financial Statements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 Fair Value Measurement
- IAS 19 Employee Benefits (Revised 2011)
- IAS 27 Separate Financial Statements (Amendments)
- IAS 28 Investments in Associates and Joint Ventures (Amendments)
- Disclosures – Offsetting Financial Assets and Liabilities (Amendments to IFRS 7)
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) (effective for annual periods beginning on or after 1 January 2014)
- IFRS 9 Financial Instruments (effective for annual periods beginning on or after 1 January 2015).

None of the other new standards, interpretations and amendments, which are effective for periods beginning after 1 October 2013 and which have not been adopted early, are expected to have a material effect on the Group's future financial statements.

2. Critical accounting estimates and judgements
The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Revenue recognition
Social gaming revenue is recognised as the service is delivered. This is considered to be when the player buys credits to play the game on the basis that there is no further service to be delivered.

Net gaming revenue is derived from real money gaming and is recognised as the total wagers less wins less promotional money to players.

(b) Capitalisation and amortisation of development costs
The identification of development costs that meet the criteria for capitalisation is dependent on management's judgement and knowledge of the work done. Development costs of gaming software platforms are separately identified. Judgements are based on the information available at each period end. Economic success of any development is assessed on a reasonable basis but remains uncertain at the time of recognition.

Capitalised development costs are subject to amortisation over its useful life and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group amortises the assets over the life of the product. The estimated useful life of these assets at period end is three years.

(c) Deferred tax
Deferred tax assets and liabilities are recognised for temporary differences and for tax loss carry-forwards. The assessment of temporary differences and tax loss carry-forwards is based on management's estimates of future taxable profits against which the temporary differences and loss carry-forwards may be utilised.

The Group has not recognised a deferred tax asset in respect of their losses given that this is the Group's first period of operation and there is no track record of taxable profits at this time. Deferred tax assets will be recognised when the Group has established a track record of expected future taxable profit.

Notes forming part of the consolidated financial statements continued

For the period ended 30 September 2013

2. Critical accounting estimates and judgements continued

(d) Valuation of assets acquired on business combinations

Identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date. The identified intangibles are capitalised if they are separable from the acquired entity. The amounts ascribed to these assets are arrived at by using appropriate valuation techniques to determine the fair value. Capitalised intangible assets are amortised over the useful economic life of the assets. This has ranged between twelve months to three years for acquisitions to date.

(e) Impairment of goodwill and other intangible assets

Goodwill and other intangible assets are reviewed for impairment and their values are written-down on the basis of the Group's expectations of future economic benefits expected to be received by the Group. Any process which attempts to estimate future outcomes is subject to uncertainty. Where it is believed that the estimation uncertainty can give rise to material differences in asset carrying values, this will be stated in the relevant notes to the financial statements.

3. Expenses by nature

	2013 £
Operating and administration costs are stated after charging:	
Employee benefit expenses (see Note 7)	524,656
Depreciation of property, plant and equipment	3,015
Amortisation of intangible assets	169,686
Advertising expenses	1,750,777
Share-based payment arising on reverse transaction	319,348
Equity-settled share-based payment charge	36,471
Listing and acquisition costs	436,341

4. Auditor's remuneration

During the period the Group obtained the following services from the Company's auditor:

	2013 £
Fees payable to the Company's auditor for the audit of consolidated and subsidiary financial statements	75,000
Fees payable to the Company's auditor for other services:	
Other acquisition and assurance services	127,300
Tax advisory services	3,000

5. Key management personnel remuneration

	2013 £
Short-term benefits of key management personnel	280,167
Share-based benefits of key management personnel	36,471
	316,638

The table represents remuneration paid to the key management personnel of the consolidated entity consisting of Bingo Realms Limited for the period ended 30 September 2013 and the Company and its subsidiaries for the period from 1 August 2013 to 30 September 2013.

6. Directors' remuneration

The following table presents the Directors' remunerations of the Company for the year ended 30 September 2013. The table includes both Directors in office before and after the reverse transaction:

	Salary and fees £	Termination payment £	Benefits £	2013 Total £	2012 Total £
Roland Pieper (resigned 14 December 2011)	–	–	–	–	68,902
Richard Webster (resigned 30 September 2012)	–	15,000	59	15,059	364,684
Andrew J Quinn (resigned 4 December 2012)	10,000	–	–	10,000	60,000
Brian N C Sweeney (resigned 4 December 2012)	8,333	–	–	8,333	50,000
Jeremy Pelczer (resigned 4 December 2012)	22,142	–	30	22,172	201,251
Bernard Bulkin (resigned 31 July 2013)	41,667	–	–	41,667	50,000
Philip Corbishley (appointed 4 December 2012, resigned 31 July 2013)	110,043	–	–	110,043	–
Paul Banner (appointed 4 December 2012, resigned 31 July 2013)	24,000	–	–	24,000	–
Hagen Gehringer (appointed 4 December 2012, resigned 28 March 2013)	130,234	–	–	130,234	–
Michael Buckley (appointed 1 August 2013)	6,667	–	–	6,667	–
Patrick Southon (appointed 1 August 2013)	20,000	–	–	20,000	–
Simon Collins (appointed 1 August 2013)	18,333	–	–	18,333	–
Mark Segal (appointed 1 August 2013)	18,333	–	–	18,333	–
Jim Ryan (appointed 1 August 2013)	6,667	–	–	6,667	–
Mark Wilson (appointed 1 August 2013)	6,667	–	–	6,667	–
	423,086	15,000	89	435,175	794,837

Directors' interests in long-term incentive plans

The Directors' Ordinary Shares in the Company, were as follows:

£0.01 Ordinary Shares	2012 Number of shares
Andrew J Quinn*	191,250
Brian N C Sweeney*	191,450
Richard Webster*	15,625
Jeremy Pelczer*	15,000
Bernard Bulkin*	1,687

* On 1 August 2013, a resolution was passed to reorganise the Company's existing share capital. The reorganisation resulted in the share consolidation whereby every ten existing shares were consolidated into one New Ordinary Share.

£0.10 Ordinary Shares	2013 Number of shares
Michael Buckley	16,300,000
Patrick Southon	10,397,039
Simon Collins	10,347,039
Mark Segal	644,607
Jim Ryan	384,615
Mark Wilson	384,615

Notes forming part of the consolidated financial statements continued

For the period ended 30 September 2013

6. Directors' remuneration continued

The Directors' interests in share options, over Ordinary Shares in the Company, were as follows:

	Option at 30 September 2012	Option granted	Options lapsed	Option at 30 September 2013	Exercise price	Date of grant
Andrew J Quinn[2]	25,000		(25,000)		£21.25	7 June 2005
Brian N C Sweeney[2]	10,000		(10,000)		£21.25	7 June 2005
Richard Webster[3]	21,000		(21,000)		£38.90	6 December 2010
Richard Webster[3]	20,000		(20,000)		£10.00	12 March 2012
Jeremy Pelczer[3]	30,000		(30,000)		£10.00	12 March 2012
Hagen Gehringer[3]	20,000		(20,000)		£10.00	27 March 2012
Bernard Bulkin[3]	10,000		(10,000)		£10.00	12 March 2012
Bernard Bulkin[4]		140,000		140,000	£0.30	26 February 2013
Paul Banner[4]		100,000		100,000	£0.30	26 February 2013
Phil Corbishley[4]		140,000		140,000	£0.30	26 February 2013
Michael Buckley[5]		5,769,230		5,769,230	£0.01	1 August 2013
Patrick Southon[5]		5,769,230		5,769,230	£0.01	1 August 2013
Simon Collins[5]		4,615,384		4,615,384	£0.01	1 August 2013
Mark Segal[5]		3,076,923		3,076,923	£0.01	1 August 2013
Jim Ryan[6]		769,230		769,230	£0.13	1 August 2013
Mark Wilson[6]		769,230		769,230	£0.13	1 August 2013

1 2012 comparatives have been restated following the 10:1 share consolidation on the 1 August 2013.

2 On 17 March 2005 the rules of the Share Option Plans were amended so that these options shall vest as to one third of the shares on each of the first, second and third anniversaries of the date of the grant. Options granted are subject to an accelerated vesting provision whereby if, within three years of the date of grant, the Company's share price increases by 25% from its value at the date of grant and remains at that value or a higher value for a period of 30 consecutive days, the option shall vest in full on completion of that 30 day period. Options are not exercisable later than midnight on the day before the tenth anniversary of the date of the grant. Prior to the reverse transaction these options lapsed.

3 On 28 August 2009 the Company adopted the Pursuit Dynamics PLC 2009 Employees' Share Option Plan to allow, at the discretion of the Board, any eligible employee to be granted EMI or non-EMI qualified options at an exercise price to be determined by the Board of the Company but not to be less than the nominal value of a share and to be subject to such time based and performance based conditions as the Board may determine, e.g. the achievement of certain share price targets. The Employees' Share Option Plan also increased the number of options which may be granted over Ordinary Shares of 1 pence each in the capital of the Company which when aggregated with all other Ordinary Shares of 1 pence each in the capital of the Company placed under option or issued under any other share plan established for the benefit of employees or service providers and operated by the Company or Group in the preceding 10 year period from 10% of the Company's Ordinary Issued Share capital at any one time to 15%. Prior to the reverse transaction these options lapsed.

4 Separate individual agreements exist for Non-Executive Directors which are based on the Pursuit Dynamics PLC 2009 Employees' Share Option Plan. These agreements grant non-EMI qualified options at an exercise price to be determined by the Board of the Company but not to be less than the nominal value of a share and to be subject to such time based and performance based conditions as the Board may determine, e.g. the achievement of certain share price targets. At 30 September 2013 the market price of the Company's shares was 22 pence.

5 On the 1 August 2013 the Company granted options to B Shares under the Gaming Realms 2013 EMI plan. The B Share value will be 20 pence less than the prevailing price of the Ordinary Shares and will therefore have no value unless the value of the New Ordinary Shares exceeds 20 pence. EMI options can only be granted to employees who meet the statutory working time requirement, and cannot normally be exercised before 15 July 2015. All options granted under the New Share Option Scheme on Admission will be exercisable over B Shares at their nominal value of £0.01 and will be capable of exercise, subject to certain exceptions, after two years of the date of grant.

6 On the 1 August 2013, the Company granted Unapproved Options which have the same rights as the options granted over the B Shares under Gaming Realms 2013 EMI plan, save that the exercise price will be 13 pence per Ordinary Share.

7. Employee benefit expenses

	2013 £
Employee benefit expenses (including Directors) comprise:	
Wages and salaries	469,173
Share-based payment expense (Note 23)	36,471
Social security contributions and similar taxes	55,483
	561,127

The total number of persons, including Directors, at 30 September 2013:	
Operational	7
Development	15
Marketing	5
Management and administrative	13
	40

8. Segment information

The Board is the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the Board for the purposes of allocating resources and assessing performance. The Group has three reportable segments, being social gaming, real money gaming and marketing services. Each segment represent different brands, products and services provided. The social gaming segment operate the brands 5 Star Slot, AvaTingo and Sh*tHEAD and provide freemium gaming services to the US and Europe. The real money gaming segment operates the PocketFruity Segment in the UK. The marketing services segment represents the services provided to market the Bingo Godz and Castle Jackpot products.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The Board evaluates performance on the basis of segment loss. This measurement basis excludes head office costs not derived from operations of any segment and are only disclosed in total.

Reportable segment information

The Group has reportable segments as follows:

- Real money gaming
- Social gaming
- Marketing services

	For the period ended 30 September 2013			
	Social gaming £	Real money gaming £	Marketing services £	Total £
Revenue	442,837	217,196	221,027	881,060
Marketing expenses	(520,177)	(123,021)	(1,107,579)	(1,750,777)
Operating expenses	(239,070)	(109,190)	–	(348,260)
Administration expenses – operating segments	(235,521)	(159,444)	(444,969)	(839,934)
Reportable segment loss	(551,931)	(174,459)	(1,331,521)	(2,057,911)

Notes forming part of the consolidated financial statements continued

For the period ended 30 September 2013

8. Segment information continued

Reconciliation of reportable segments to Group totals:

	2013 £
Total revenue from reportable segments, being total Group revenue	881,060

Total loss from reportable segments	(2,057,911)
Administration expenses – head office	(265,432)
Listing costs	(436,341)
Amortisation of intangible assets	(169,686)
Depreciation of property, plant and equipment	(3,015)
Finance expense	(3,313)
Finance income	1,886
Share-based payments arising from reverse transaction	(319,348)
Share-based payments	(36,471)
Loss before tax	**(3,289,631)**

	As at 30 September 2013			
	Social gaming £	Real money gaming £	Marketing services £	Total £
Additions to non-current assets	794,880	120,169	307,662	1,222,711
Reportable segment assets	1,330,848	298,902	2,639,000	4,268,750
Head office assets				8,294,245
Total Group assets				12,562,995

	As at 30 September 2013			
	Social gaming £	Real money gaming £	Marketing services £	Total £
Reportable segment liabilities	(702,107)	(427,128)	(323,144)	(1,452,379)
Head office liabilities				(370,412)
Total Group liabilities				(1,822,791)

The Board is the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the Board for the purposes of allocating resources and assessing performance.

Geographical information

The Group considers that its primary geographic regions are the UK, including The Channel Islands, USA and the Rest of World. No revenue is derived from real money gaming in the USA. Revenues from customers outside the UK (including The Channel Islands) and USA are not considered sufficiently significant to warrant separate reporting. All non-current assets are based in the UK.

The Group's performance can be reviewed by considering the geographical locations within which all assets in the Group operates. This information is outlined below:

	External revenue by location of customers 2013 £	Non-current assets by location of assets 2013 £
UK, including The Channel Islands	455,650	6,032,896
USA	323,128	–
Rest of the World	102,282	–
	881,060	6,032,896

9. Finance income and expense

	2013 £
Finance income	
Interest received	1,886
Total finance income	1,886
Finance expense	
Bank interest expense paid	3,313
Total finance expense	3,313

10. Tax expense

	2013 £
(i) Tax expense	
Current tax expense	
Current tax on profits for the period	–
Total current tax	–
Deferred tax expense	
Origination and reversal of temporary differences	–
Total deferred tax	–

The reasons for the difference between the actual tax charge for the period and the standard rate of corporation tax in the UK applied to profits for the year are as follows:

	2013 £
Loss for the period	(3,289,631)
Expected tax at effective rate of corporation tax in the UK of 23.5%	(773,063)
Expenses not deductible for tax purposes	90,664
Depreciation in excess of capital allowances	709
Tax losses carried forward	681,690
Total tax expense	–

Changes in tax rates and factors affecting the future tax charge

On 3 July 2012, the Finance Bill received its third reading in the House of Commons and so the previously announced reduced rate of corporation tax of 23% from 1 April 2013 was substantively enacted. Accordingly, deferred tax balances as at 30 September 2013 have been recognised at 23%.

The Chancellor has further stated his intention to reduce the main rate of corporation tax to 21% from 1 April 2014 and to 20% from 1 April 2015. These changes have not been substantively enacted at the balance sheet date. This will have the effect of reducing the Group's future current tax charge accordingly.

As described in Note 24 no deferred tax liabilities have been recognised in respect of intangible assets arising on the acquisitions made in the period as any deferred tax liabilities are offset by recognising an equal and opposite deferred tax asset from the tax losses carried forward.

There are unused tax losses carried forward as at the balance sheet date of £6,706,588 equating to an unrecognised deferred tax asset of £1,542,515. No deferred tax asset has been recognised in respect of these losses, as the recoverability of any asset is dependent upon sufficient profits being achieved in future years to utilise this asset. The timings of such profits are uncertain.

Notes forming part of the consolidated financial statements continued

For the period ended 30 September 2013

11. Loss per share

Basic loss per share is calculated by dividing the loss attributable to Ordinary Shareholders by the weighted average number of shares in issue during the year. For fully diluted loss per share, the weighted average number of Ordinary Shares in issue is adjusted to assume conversion of dilutive potential Ordinary Shares. The Group's potentially dilutive securities consist of share options and performance shares. As the Group is loss-making, none of the potentially dilutive securities are currently dilutive.

	2013 £
Loss after tax	(3,289,631)

	Number
Weighted average number of Ordinary Shares used in calculating basic loss per share	36,434,501
Weighted average number of Ordinary Shares used in calculating dilutive loss per share	36,434,501
The weighted average number of Ordinary Shares in issue was calculated using an exchange ratio applied in the reverse takeover as described in Note 24.	
Basic and diluted loss per share (pence)	(9.03)

12. Property, plant and equipment

	Leasehold improvements £	Computer equipment £	Office furniture and equipment £	Total £
Cost				
Acquired through business combination	13,046	11,257	3,646	27,949
Additions	24,853	6,136	3,717	34,706
At 30 September 2013	**37,899**	**17,393**	**7,363**	**62,655**
Accumulated deprecation				
Depreciation charge	746	1,865	404	3,015
At 30 September 2013	**746**	**1,865**	**404**	**3,015**
Net book value				
At 30 September 2013	**37,153**	**15,528**	**6,959**	**59,640**

13. Intangible assets

	Goodwill £	Customer databases £	Software £	Development costs £	Total £
Cost					
Acquired through business combination	4,810,187	387,512	–	477,439	5,675,138
Additions	–	–	361,684	48,522	410,206
At 30 September 2013	**4,810,187**	**387,512**	**361,684**	**525,961**	**6,085,344**
Accumulated deprecation					
Amortisation charge	–	53,662	71,900	44,124	169,686
At 30 September 2013	**–**	**53,662**	**71,900**	**44,124**	**169,686**
Net book value					
At 30 September 2013	**4,810,187**	**333,850**	**289,784**	**481,837**	**5,915,658**

Goodwill

£3,466,069 of the goodwill arose from the acquisition of Bejig Limited (social gaming) and £1,344,118 from the acquisition of AlchemyBet Limited (real money gaming) (see Note 24).

The recoverable amount of both the real money and social gaming CGU to which the goodwill is allocated has been determined using a value in use calculation. The calculation of value in use is based on several assumptions which feed into a forecast model based on past player lifetime values.

The key assumptions of the forecasts were as follows:

- number of new player depositing registrations;
- rate of retention of existing players;
- spending patterns of players;
- cost per acquisition or installs ("CPA") from different acquisition sources;
- the growth rate applied to cash flows arising after the end of approved budgets; and
- the discount rate applied to cash flows.

The above assumptions are based on the trends noted to date, industry standard measurements and management's experience. The Directors do not believe any reasonably possible change in the key assumptions would lead to an impairment of the carrying amount of the CGUs.

14. Other assets

	2013 £
Other assets	57,598

Other asset represents the rental deposit on an operating lease.

15. Cash and cash equivalents

	2013 £
Cash and cash equivalents	5,063,470
Restricted cash	121,853
	5,185,323

Restricted cash of £121,853 relates to funds held in Swiss subsidiaries which are currently undergoing liquidation. The funds are restricted and are not included in the consolidated statement of cash flows.

16. Trade and other receivables

	2013 £
Trade and other receivables	612,307
Prepayments and accrued income	732,469
	1,344,776

All amounts shown fall due for payment within one year.

17. Trade and other payables

	2013 £
Trade and other payables	574,582
Accruals	1,105,658
Player liabilities	98,047
	1,778,287

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

Notes forming part of the consolidated financial statements continued

For the period ended 30 September 2013

18. Loans and borrowings

	2013 £
Current liabilities	
Loans and borrowings	24,000
Non-current liabilities	
Loans and borrowings	20,504

19. Financial instruments and risk management – Group

The Group is exposed to certain risks arising from its use of financial instruments. The Group does not make any use of derivative-based financial instruments, however, IFRS 7 requires that it provides the following disclosure on its financial assets and liabilities as set out below.

The Group's financial assets and liabilities are shown on the face of the consolidated statement of financial position and in the table below and they can be classified wholly as either loans and receivables, other assets or other liabilities. The Group has operated with a positive cash balance throughout the period.

	2013 £
Financial assets	
Cash and cash equivalents	5,185,323
Trade and other receivables	612,307
Other assets	57,598
Financial liabilities	
Trade and other payables	574,582
Loans and borrowings	44,504

Financial assets of the Group are classified as loans and receivables and all financial liabilities are held at amortised cost. In the Directors' opinion, there is no material difference between the book value and the fair value of any of the financial instruments.

The Group has some exposure to credit risk and liquidity risk. The Group does not have any material exposure to currency risk. There has been no material change to the financial instruments used within the business during the period and therefore no material changes to the risk management policies put in place by the Board which are now discussed below.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. Whilst acknowledging this responsibility, it has delegated the authority and day to day responsibility for designing and operating systems and controls which meet these risk management objectives to the finance and administration function. The Board regularly reviews the effectiveness of these processes in meeting its objectives and considers any necessary changes in response to changes within the business or the environment in which it operates.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from cash in transit, though this exposure is relatively small given that the Group's payment processors generally hold only a few days' transactions at any given time.

Credit risk also arises from cash and cash equivalents with banks and financial institutions. For banks and financial institutions only independently rated parties with a minimum rating "A-" are accepted.

Foreign currency risk

The Group's cash and cash equivalents are denominated in the following currencies:

	2013 £
US Dollars	82,751
Euros	360
Swiss Francs	121,853

Swiss Francs relates to funds held in Swiss subsidiaries which are currently undergoing liquidation. The funds are restricted and are not included in the consolidated statement of cash flows.

	At 30 September 2013			
	Current £	Between 30 and 60 days £	Between 61 and 90 days £	Over 91 days £
Trade and other receivables	437,398	85,794	75,127	13,988

The receivables greater than 61 days were received after balance sheet date. There are no amounts within receivables that are impaired.

Liquidity risk

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. Customer funds are kept in dedicated client accounts, separately from the Group's operational bank accounts.

Foreign currency risk

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2013 £
US Dollars	31,479

The following table sets out the contractual maturities of financial liabilities:

	At 30 September 2013		
	Within 1 year £	1-2 years £	Over 2 years £
Trade and other payables	574,582	–	–
Loans and borrowings	24,000	20,504	–
Total	598,582	20,504	–

Foreign currency risk

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	2013 £
US Dollars	46,749

Foreign exchange risk

Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow Group entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where Group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

In order to monitor the continuing effectiveness of this policy, the Board receives a monthly forecast, analysed by the major currencies held by the Group, of liabilities due for settlement and expected cash reserves.

The Group is predominantly exposed to currency risk on purchases made from major suppliers based in US Dollars.

Capital management

The Group is funded entirely through shareholders' funds.

If financing is required the Board will consider whether debt or equity financing is more appropriate and proceed accordingly. The Group is not subject to any externally imposed capital requirements.

Notes forming part of the consolidated financial statements continued

For the period ended 30 September 2013

20. Share capital

Ordinary Shares

	2013 Number	2013 £
Ordinary Shares of 10 pence each	146,333,690	14,633,369

Movements in share capital

	Number	£
Bingo Realms Limited Ordinary Shares issued for cash consideration	2,237,500	223,750
Adjustments in respect of the reverse transaction	82,626,610	8,262,661
Ordinary Shares issued in the acquisition of Bejig Limited and AlchemyBet Limited	35,238,730	3,523,873
Ordinary Shares issued for cash consideration	26,230,850	2,623,085
At 30 September 2013	146,333,690	14,633,369

The above analysis of the movements in share capital reflects the initial share capital of Bingo Realms Limited subsequently adjusted for the reverse transaction and the subsequent share issues. Refer to Note 5 of the Company financial statements for the movements in share capital of the Company.

Ordinary B Shares and Deferred Shares

Ordinary B Shares have a nominal value of 0.01 pence each (“B Shares”) and Deferred Shares have a nominal value of 0.01 pence each (“Deferred Shares”). The B Shares and the Deferred Shares shall not entitle the holders of them to receive notice of, to attend, to speak or to vote at any general meeting (including Annual General Meetings) of the Company. At 30 September 2013 there were no B Shares or Deferred Shares in issue.

21. Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value.
Merger reserve	Adjustments arising on the reverse transaction and the excess of the fair value over nominal value for shares issued in business combinations qualifying for merger relief under the Companies Act 2006.
Retained earnings	All other net gains and losses and transactions with owners not recognised elsewhere.

22. Leases

Operating leases – lessee

The total future value of minimum lease payments is due as follows:

	2013 £
Not later than one year	51,480
Later than one year and not later than five years	90,090
Later than five years	–
	141,570

23. Share-based payment

Share option schemes relating to Pursuit Dynamics PLC that have lapsed prior to the reverse transaction have been included in in Note 10 of the Parent company notes.

The Group has two active share option schemes:

1. The 2009 Employees’ Share Option Plan
2. Gaming Realms EMI Plan

1. The 2009 Employees’ Share Option Plan

On 28 August 2009 the Company adopted the Pursuit Dynamics PLC 2009 Employees’ Share Option Plan to allow, at the discretion of the Board, any eligible employee to be granted EMI or non-EMI qualified options at an exercise price to be determined by the Board but not to be less than the nominal value of a share and will vest subject to such time based and share price performance based conditions as the Board may determine.

The Employees' Share Option Plan also increased the number of options which may be granted over Ordinary Shares of 1 pence each in the capital of the Company which when aggregated with all other Ordinary Shares of 1 pence each in the capital of the Company placed under option or issued under any other share plan established for the benefit of its employees or service providers and operated by the Company or Group in the preceding ten year period from 10% of the Company's Ordinary Issued Share capital at any one time to 15%.

Options are not exercisable later than midnight on the day before the tenth anniversary of the date of grant.

Options were fair valued using the Black-Scholes option pricing model, or where there are market-based performance conditions, a Monte Carlo simulation pricing model.

The expected volatility is based on the historic volatility during a period of two years preceding the date of the grant and reflects the assumption that historic volatility is indicative of future trends, which may not necessarily be the actual outcome. The expected life of the option was assumed to be the vesting period based on historical exercising or in the case of options with performance conditions, where the conditions had not already been met, the expected life was assumed between one and two years based on publicly available share price projections and is not necessarily indicative of exercise patterns that may occur. Performance based conditions relate to the achievement of share price based performance targets.

The risk free rate is the yield on zero coupon UK Government bonds of a term consistent with the assumed option life.

The significant inputs into the pricing models and other information on the number of share options concerning the 2009 Employees' Share Option Plan are provided in the following tables:

	2013
Share price at date of grant (weighted average)	£0.1800
Exercise price (weighted average)	£0.3000
Number of employees	3
Vesting period (years)	0-3
Expected volatility	161.74%
Option life (years)	10.00%
Expected life (years)	0-5
Risk free rate (weighted average)	0.24%
Expected dividend yield	Nil
Possibility of ceasing employment before vesting	0.21%
Expectations of meeting performance criteria	100%
Fair value per option (weighted average)	£0.1180

	2013	
	Number	Weighted average exercise price
Outstanding at 1 October	207,498	£18.9920
Granted during the period – performance conditions	190,000	£0.3000
Granted during the period – non-performance conditions	190,000	£0.3000
Exercised during the year	–	–
Transfers during the year	–	–
Forfeited during the year	(205,998)	£19.0580
Number of options outstanding at 30 September	381,500	£0.3381
Exercisable at 30 September	380,000	£0.3000

The above options scheme was operating at the date of the acquisition and as such we have included the movement of the options from 1 October 2012 for completeness.

IFRS 2 (Share-based payment) requires that the fair value of such equity-settled transactions is calculated and systematically charged to the statement of comprehensive income over the vesting period. The total fair value that was charged to the income statement in relation to the equity-settled share-based payments charge was £13,289.

Notes forming part of the consolidated financial statements continued

For the period ended 30 September 2013

23. Share-based payment continued

2. Gaming Realms 2013 EMI Plan

On 1 August 2013 the Company adopted the Gaming Realms 2013 EMI Plan to allow, at the discretion of the Board, any eligible employee to be granted EMI or non-EMI qualified options at an exercise price to be determined by the Board but not to be less than the nominal value of a share and will vest subject to such time based and share price performance based conditions as the Board may determine.

The Company granted options for B Shares under the Gaming Realms 2013 EMI plan. B Share value will be 20 pence less than the prevailing price of the Ordinary Shares and will therefore have no value unless the value of the New Ordinary Shares exceeds 20 pence. EMI options can only be granted to employees who meet the statutory working time requirement, and cannot normally be exercised before 15 July 2015. All options granted under the New Share Option Scheme on Admission will be exercisable over B Shares at their nominal value of £0.01 and will be capable of exercise, subject to certain exceptions, after two years of the date of grant.

Options are not exercisable later than midnight on the day before the tenth anniversary of the date of grant.

Options were fair valued using the Black-Scholes option pricing model, or where there are market-based performance conditions, a Monte Carlo simulation pricing model.

Expected volatility was determined by calculating the historical volatility of the Company's competitors in the sector.

	2013 Weighted average exercise price (pence)	2013 Number
Granted during the year	0.73	27,692,297
Outstanding at 30 September	0.73	27,692,297

The following information is relevant in the determination of the fair value of options granted during the year under the equity-settled share based remuneration schemes operated by the Group.

Option scheme	2013 £ EMI Option	2013 £ Unapproved Options
Equity-settled		
Option pricing model used	Monte Carlo	Black Scholes
Weighted average share price at grant date (in pence)	13	13
Exercise price (in pence)	0.01	13
Expected life (years)	3.5	3.5
Risk free rate	0.78%	0.78%
Expected dividend yield	–	–

IFRS 2 (Share-based payment) requires that the fair value of such equity-settled transactions is calculated and systematically charged to the statement of comprehensive income over the vesting period. The total fair value that was charged to the income statement in relation to the equity-settled share-based payments charge was £23,182.

At 30 September 2013 outstanding share options for Directors and employees to subscribe to Ordinary Shares of 10 pence each were:

	Exercise price (pence)	Date granted	Number of shares	Exercisable between
Approved	0.01	1 August 2013	26,153,837	31 July 2015 – 31 July 2022
Unapproved	13	1 August 2013	1,538,460	31 July 2015 – 31 July 2022

24. Business combinations during the period

Acquisition of Gaming Realms plc and its controlled entities

During the year Bingo Realms Limited's original shareholders obtained a majority share interest in Gaming Realms plc (formerly known as Pursuit Dynamics PLC) as a result of the acquisition transaction.

The transaction did not meet the definition of a business combination in IFRS 3 "Business Combinations". The transaction has therefore been accounted for in the consolidated financial statements in accordance with IFRS 2 "Share-based Payment" and has been accounted for as a continuation of the financial statements of Bingo Realms Limited, together with a deemed issue of shares, equivalent to the shares held by the former shareholders of the Company. The deemed issue of shares is, in effect, a share-based payment transaction whereby Bingo Realms Limited is deemed to have received the net assets of the Company, together with the listing status of the Company. The overall accounting effect is similar to that of a reverse acquisition in IFRS 3 with the exception that no goodwill is recognised.

Because the consolidated financial statements represent a continuation of the financial statements of Bingo Realms Limited, the principles and guidance on the preparation and presentation of the consolidated financial statements in a reverse acquisition set out in IFRS 3 have been applied:

- the cost of the acquisition, and amount recognised as issued capital to effect the transaction, is based on the notional amount of shares that Bingo Realms Limited would have needed to issue to acquire the same shareholding percentage in the Company at the acquisition date;
- retained earnings and other equity balances in the consolidated financial statements at acquisition date are those of Bingo Realms Limited;
- a shared based payment transaction arises whereby Bingo Realms Limited is deemed to have issued shares in exchange for the net assets of the Company (together with the listing status of the Company). The listing status does not qualify for recognition as an intangible asset and has therefore been expensed;
- the equity structure in the consolidated financial statements (the number and type of equity instruments issued) at the date of the acquisition reflects the equity structure of the Company, including the equity instruments issued by the Company to effect the acquisition; and
- the results for the period ended 30 September 2013 comprise the consolidated results for the period of Bingo Realms Limited together since incorporation with the results of the Company from 1 August 2013.

	2013 £
Share-based payment expense	
Assets and liabilities acquired:	
Cash and cash equivalent	3,960,392
Trade and others receivables	165,879
Other assets	8,383
Trade and others liabilities	(921,667)
	3,212,987

The table above represent the assets and liabilities of the Company (formerly Pursuit Dynamics PLC) that were acquired on its acquisition by Bingo Realms Limited. Refer to Note 1 "business combinations".

The fair value of shares that Bingo Realms Limited issued to effect the transaction amounted to £3,532,335. The difference between the fair value of £3,532,335 and the net assets acquired of £3,212,987, being £319,348 has been expensed as a share-based payment cost in profit or loss.

Of the £3,960,392 cash acquired in the reverse acquisition, £121,853 does not meet the definition of cash and cash equivalent under IAS 7 "Statement of Cash Flows" and is therefore not included in the consolidated statement of cash flows. The restricted cash relates to funds held in Swiss subsidiaries which are currently undergoing liquidation.

Acquisition of Bejig Limited

On 1 August 2013 the Group acquired 90.66% of the voting equity of Bejig Limited, taking the total ownership of the Group to 100%. The initial 9.34% was acquired previously for cash consideration of £400,000.

Notes forming part of the consolidated financial statements continued

For the period ended 30 September 2013

24. Business combinations during the period continued

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Book value £	Adjustment £	Fair value £
Intangible assets	477,439	–	477,439
Property, plant and equipment	27,949	–	27,949
Non-contractual customer lists and relationships	–	256,419	256,419
Trade and other receivables	399,388	–	399,388
Other assets	55,598	–	55,598
Cash	87,714	–	87,714
Trade and other payables	(896,775)	–	(896,775)
Total net assets	151,313	256,419	407,732

A deferred tax liability of £58,976 arising as a result of the recognition of additional intangible assets was offset by the recognition of an equivalent deferred tax asset in respect of tax losses in Bejig Limited.

Fair value of consideration paid

	£
Purchase consideration – Gaming Realms plc Ordinary Shares	3,511,988
Cash consideration – previously held equity interest	400,000
Fair value adjustment of previously held equity interest	(38,187)
Total consideration	3,873,801
Goodwill (Note 13)	3,466,069

Goodwill recognised in the acquisition of Bejig Limited relates to the presence of certain intangible assets such as an experienced workforce, which do not qualify for separate recognition.

Acquisition of AlchemyBet Limited

On 1 August 2013 the Group acquired 88.85% of the voting equity of AlchemyBet Limited, taking the total ownership of the Group to 100%. The initial 11.15% was acquired previously for cash consideration of £133,842.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Book value £	Adjustment £	Fair value £
Non-contractual customer lists and relationships	–	131,092	131,092
Trade and other receivables	112,626	–	112,626
Cash	31,908	–	31,908
Trade and other payables	(416,855)	–	(416,855)
Total net assets	(272,321)	131,092	(141,229)

A deferred tax liability of £30,151 arising as a result of the recognition of additional intangible assets was offset by the recognition of an equivalent deferred tax asset in respect of tax losses in AlchemyBet Limited.

Fair value of consideration paid

	£
Purchase consideration – Gaming Realms plc Ordinary Shares	1,069,047
Cash consideration – previously held equity interest	133,842
Total consideration	1,202,889
Goodwill (Note 13)	1,344,118

Goodwill recognised in the acquisition of AlchemyBet Limited relates to the presence of certain intangible assets such as the UK gambling license and an experienced workforce, which do not qualify for separate recognition.

25. Related party transactions

During the period, the Group received and provided marketing services from and to QuickThink Media Limited ("QTM"), a company in which there are common shareholders and key management personnel. The following summarises the transactions and outstanding balances at the end of the period:

	2013 £
Revenue and other operating revenue	2,349
Operating expenses	74,961

	2013 £
Related party debtor	2,349
Related party creditor	240

During the period, the Group received accounting services from M2Ventures, a company in which there are common shareholders. The amounts paid in the period was £3,388. £1,100 was outstanding at the period ended 30 September 2013.

The details of key management compensation (being the remuneration of the Directors) are set out in Note 5.

In addition to Directors' remuneration detailed in Note 6, £2,250 was paid to Phil Corbishley for the provision of office facilities for the period July to September 2013 following the closure of the Huntingdon premises. Phil Corbishley also purchased miscellaneous items of office furniture and equipment for £100.

During the period £20,000 of consulting fees were paid to Dawnglen Finance Limited, a company controlled by Michael Buckley.

The amount owed to Directors was £7,345. No amounts were owed from Directors.

In 2011, AlchemyBet Limited acquired certain IP and intangible assets from Cometa Wireless Gaming Systems Ltd. In consideration for these assets the Group committed to repay an outstanding loan balance of £76,504. Cometa Wireless is a related party by virtue of common ownership and common directors. £44,504 of the loan remains outstanding at period ended 30 September 2013.

26. Subsidiaries

The principal subsidiaries of the Company, all of which have been included in these consolidated financial statements, are as follows:

Name	Country of incorporation	Principal activity	Proportion held by Parent company	Proportion held by Group
Bingo Realms Limited	UK	Marketing services	100%	100%
Bejig Limited	UK	Social gaming operator	90.66%	100%
AlchemyBet Limited	UK	Real money gaming operator	88.85%	100%

The Group held 100% interest in the following subsidiaries which were in the process of being liquidated at the balance sheet date:

Name	Country of incorporation	Principal activity	Proportion held by Parent company	Proportion held by Group
Pursuit Processing Equipment Ltd	UK	Dormant	100%	100%
Pursuit Dynamics, Inc	Delaware, USA	Dormant	100%	100%
PDX Businessgroup AG	Switzerland	In liquidation	100%	100%
PDX Technologies AG	Switzerland	In liquidation	0%	100%
PDX Management AG	Switzerland	In liquidation	0%	100%
PDX Public Health and Safety AG	Switzerland	In liquidation	0%	100%
BFX Solutions AG	Switzerland	In liquidation	0%	100%
DDX Solutions AG	Switzerland	In liquidation	0%	100%

27. Events after the reporting date

On 10 December 2013, the Group acquired QTM for an estimated total consideration of £2,220,850, comprising of £1,470,850 cash and a deferred payment of 3,571,428 Ordinary Shares being the equivalent of approximately £750,000 at a price of 21 pence per share to be allotted and admitted to trading 12 months from completion. QTM is a specialist online gaming marketing agency which will enhance the Group's activities by cost-effectively capturing new users across emerging digital channels such as Facebook. With the proximity of the date of the acquisition to the date of the authorisation of these financial statements, a detailed assessment of the fair value of the consideration and identifiable net assets has not yet been completed.

The Company also raised a further £2,400,000 through the placing of 11,476,190 New Ordinary Shares at 21 pence per share.

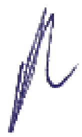
On the 8 October 2013, Pursuit Processing Equipment Limited was officially dissolved.

Parent company balance sheet

As at 30 September 2013

	Note	**30 September 2013 £**	30 September 2012 £
Fixed assets			
Investment in subsidiary undertakings	2	**9,293,105**	1
		9,293,105	1
Current assets			
Debtors: amounts falling due within one year	3	**3,185,517**	18,750
Cash and cash equivalents		**3,111,608**	2,743,005
		6,297,125	2,761,755
Creditors: amounts falling due within one year	4	**419,749**	455,972
Net current assets		**5,877,376**	2,305,783
Total assets less current liabilities		**15,170,481**	2,305,784
Equity			
Share capital	5	**14,633,369**	862,203
Share premium reserve	6	**70,437,354**	66,150,179
Retained earnings	6	**(69,900,242)**	(64,706,598)
Total equity		**15,170,481**	2,305,784

The financial statements on pages 41 to 48 were approved and authorised for issue by the Board of Directors on 19 February 2014 and were signed on its behalf by:



Patrick Southon
Chief Executive Officer

Notes to Parent company financial statements

For the year ended 30 September 2013

1. Principal accounting policies

The financial statements have been prepared in accordance with applicable accounting standards and the Companies Act 2006 in the UK. A summary of the more important accounting policies, which have been reviewed by the Board of Directors in accordance with Financial Reporting Standard ("FRS") 18, "Accounting policies", and have been applied consistently, other than as explained, is set out below.

Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention and in accordance with applicable UK Generally Accepted Accounting Principles (UK GAAP). Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. The Company has not produced a cash flow statement as it is a member of a group and a consolidated cash flow statement has been published.

These financial statements present the results of Gaming Realms plc for the year ended 30 September 2013.

Investments

Investments held as fixed assets are stated at cost, less any provision for impairment in value. Where shares are issued to effect business combinations and the conditions of the Companies Act 2006 are met, merger relief is applied and the resulting investment is recorded at the nominal value of the shares issued.

Financial instruments

Deposits with financial institutions which are not repayable on demand without penalty are classified as short-term investments. Interest on short-term investments is recognised on the accruals basis over the life of the investment.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Foreign currencies

Transactions denominated in foreign currencies are recorded at exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Any gain or loss arising from a change in exchange rates subsequent to the date of the initial transaction is included as an exchange gain or loss in the profit and loss account, except where financing of a foreign subsidiary through long-term loans is intended to be as permanent as equity. Such balances are treated as part of the net investment and any exchange differences are recorded in reserves.

2. Investments

	2013 £	2012 £
At 1 October	**1**	4,476,457
Additions	**9,293,104**	–
Capital contribution	**–**	332,565
Impairment	**–**	(4,809,021)
At 30 September	**9,293,105**	1

The impairment arose as a result of reviewing the carrying value of the Company's investment against the net assets of the subsidiaries concerned.

Notes to Parent company financial statements continued

For the year ended 30 September 2013

2. Investments continued

The Company's investments comprise interests in 11 Group undertakings, all of which are included in the consolidated financial statements.

Details of these are shown below:

Name	Country of incorporation	Principal activity	Proportion held by Group
Bingo Realms Limited	UK	Marketing services	100%
Bejig Limited	UK	Social gaming operator	100%
AlchemyBet Limited	UK	Real money gaming operator	100%

The Group held 100% interest in the following subsidiaries which were in the process of being liquidated at the balance sheet date:

Name	Country of incorporation	Principal activity	Proportion held by Group
Pursuit Processing Equipment Ltd	UK	Dormant	100%
Pursuit Dynamics, Inc	Delaware, USA	Dormant	100%
PDX Businessgroup AG	Switzerland	In liquidation	100%
PDX Technologies AG	Switzerland	In liquidation	100%
PDX Management AG	Switzerland	In liquidation	100%
PDX Public Health and Safety AG	Switzerland	In liquidation	100%
BFX Solutions AG	Switzerland	In liquidation	100%
DDX Solutions AG	Switzerland	In liquidation	100%

3. Debtors

	2013 £	2012 £
Amounts due from Group companies	2,947,433	–
Other debtors	189,463	–
Prepayments and accrued income	48,621	18,750
	3,185,517	**18,750**

4. Creditors

	2013 £	2012 £
Trade creditors	48,502	85,225
Other creditors	73,240	–
Amounts due to Group companies	–	344,611
Accruals and deferred income	298,007	26,136
	419,749	**455,972**

5. Called up share capital

Allotted, called up and fully paid

	2013 £	2012 £
146,333,690 (2011: 8,622,026*) Ordinary Shares of 10 pence each	**14,633,369**	862,203

* 2012 comparatives have been restated following the 10:1 share consolidation on the 1 August 2013

Allotted and fully paid

	2013 £	2012 £
As at 1 October	**862,203**	750,632
Issued during the year	**13,771,166**	112,334
Cancelled during the year	**–**	(763)
	14,633,369	862,203

On 4 December 2012 185.4 million shares were issued for a cash consideration at a price of £0.03 per share. The nominal value of these shares are £1,854,978.

On the 1 August 2013, a resolution was passed to reorganise the Company's existing share capital. The reorganisation resulted in the share consolidation whereby every ten existing shares were consolidated into one New Ordinary Share. On the same day, 26.2 million shares were issued for a cash consideration at a price of £0.13 per share. The nominal value of these shares were £2,623,084.

As part of the reverse transaction with Bingo Realms Limited as described in Note 24 of the consolidated financial statements, 57.7 million shares were issued with a nominal value of £5,769,231. A further 27 million and 8.2 million shares were issued to the shareholders of Bejig Limited and AlchemyBet Limited respectively, as part of the business combination (see Note 24). The nominal value of these shares are £3,523,873.

6. Reserves

	Share premium account £	Profit and loss account £
As at 1 October	66,150,179	(64,706,598)
Share issue	4,495,704	–
Issuance costs of shares	(208,529)	–
Loss for the financial year	–	(5,092,741)
Currency exchange difference	–	(3,190)
Share option compensation charge		(97,713)
	70,437,354	(69,900,242)

7. Reconciliation of movements in shareholders' funds

	2013 £	2012 £
Proceeds of Ordinary Share issue	**8,973,766**	11,182,908
Ordinary Shares issued in the reverse transaction with Bingo Realms Limited	**5,769,231**	
Ordinary Shares issued in the acquisition of Bejig Limited and AlchemyBet Limited	**3,523,873**	–
Proceeds of Ordinary Shares issued on exercise of options	**–**	24,520
Issuance costs of shares	**(208,529)**	(510,056)
Cancellation of shares	**–**	(59,947)
Deemed capital contribution	**–**	332,565
Currency exchange differences	**(3,190)**	6,849
Loss for the financial year	**(5,092,741)**	(65,024,412)
Share option compensation (credit)/charge	**(97,713)**	15,825
Shareholders' funds at 1 October	**2,305,784**	56,337,532
Shareholders' funds at 30 September	**15,170,481**	2,305,784

On 4 December 2012 185.4 million shares were issued at a price of £0.03 per share with costs of £178,513 associated with the share issue.

On 1 August 2013 26.2 million shares were issued at a price of £0.13 per share with costs of £30,016 associated with the share issue.

On 1 August 2013 57.7 million shares were issued to the shareholders of Bingo Realms Limited as part of the reverse transaction (Note 24). A further 35.2 million shares were issued in the shareholders of Bejig Limited and AlchemyBet Limited as part of the business combination (Note 24). The shares issued at a price of £0.13 per share.

The Company has taken merger relief and have recorded the investment for both these transactions at the nominal value of £9,293,104.

8. Employee information

The Company had a monthly average of six (2012: four) employees during the year.

The employee costs for the Company were £423,086 (2012: £399,436).

Details of the remuneration of Directors can be found in Note 6 of the consolidated financial statements.

Notes to Parent company financial statements
continued

For the year ended 30 September 2013

9. Parent company result for the year

As permitted by section 408 of the Companies Act 2006, a separate profit and loss account of the Company is not presented.

The Company's loss for the financial year was £5,092,741 (2012: £65,024,412). This includes an impairment charge of £nil (2012: £59,194,410) in respect of amounts due from subsidiary undertakings, an impairment of £nil (2012: £4,809,021) in respect of the carrying value of subsidiaries and a loss on disposal of £3,327,480 (2012: £nil) in relation to the liquidation of the Group's subsidiaries' assets.

The only other recognised gains or losses for the financial year other than the loss disclosed above was a loss of £3,190 (2012: gain of £6,849) arising on the translation of foreign currency denominated long-term intercompany balances.

10. Share-based payment

All share option schemes relating to the Company including those that have lapsed prior to the reverse transaction have been included below:

The Group has five share option schemes:

1. The "Share Option Plan"
2. The Long-Term Incentive Plan
3. The 2009 Employees' Share Option Plan
4. The 2009 Service Provider Share Option Plan
5. Gaming Realms EMI Plan

1. The Share Option Plan

The Group has issued share options over 1 pence Ordinary Shares under an unapproved share option scheme (the "Share Option Plan") adopted by the Group on 22 March 2001.

On 17 March 2005 the rules of the Share Option Plan were amended so that these options shall vest as to one third of the shares on each of the first, second and third anniversaries of the date of the grant. Options granted are subject to an accelerated vesting provision whereby if, within three years of the date of grant, the Company's share price increases by 25% from its value at the date of grant and remains at that value or a higher value for a period of 30 consecutive days, the option shall vest in full on completion of that 30 day period.

Options are not exercisable later than midnight on the day before the tenth anniversary of the date of the grant.

On 27 June 2008 the rules of the Share Option Plan were amended:

- to reflect current legislation;
- to give the Company the discretion in the case of leavers to offer a cash settlement for any gain made by the employee in their shares rather than to issue shares. This applies only in the case of share options which do not qualify as EMI options and this option is unlikely to be utilised in the short-term;
- in the case of new options, changes to certain leaver provisions to require options to be exercised within 30 days after cessation of employment in certain cases;
- options may be satisfied via existing shares or newly issued shares; and
- a US sub-plan was adopted for the benefit of US employees.

Options granted after 27 June 2008 do not benefit from the accelerated vesting provision referred to above. Options are not exercisable later than midnight on the day before the tenth anniversary of date of grant.

Options were valued using the Black-Scholes option pricing model. No options have been granted during the year under this plan (2012: nil).

	2013		2012[1]	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
Outstanding at 1 October	**87,162**	**£14.5730**	108,133	£15.5640
Granted during the period	**–**	**–**	–	–
Exercised during the year	**–**	**–**	(4,036)	£6.0500
Transfers during the year	**–**	**–**	1,819	£11.5340
Forfeited during the year	**(87,162)**	**£14.5730**	(18,754)	£21.5870
Number of options outstanding at 30 September	**–**	**£14.5730**	87,162	£14.5730
Exercisable at 30 September	**–**	**£14.5730**	86,914	£14.5740

1 2012 comparatives have been restated following the 10:1 consolidation effected during 2013

2. The Long-Term Incentive Plan

The Group introduced a Long-Term Incentive Plan ("LTIP") on 27 June 2008 which forms a schedule to the Share Option Plan. The purpose of the LTIP is to incentivise and reward senior and key employees. The Group also adopted a sub-plan for the benefit of employees of the Group employed in the USA.

The LTIP allows options to be granted with an exercise price equal to the nominal value per share. Options will vest subject to the Company achieving a share price based performance target. The options have a four year vesting period with 50% of the options vesting at year 3 and 50% vesting at year 4 with accelerated vesting at the end of year 3 if the performance condition relating to the latter 50% is satisfied at the end of year 3.

Options are not exercisable later than midnight on the day before the tenth anniversary of the date of the grant.

Options were valued using a Monte Carlo simulation pricing model. No options have been granted during the year (2012: nil).

	2013		2012[1]	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
Outstanding at 1 October	**13,261**	**£0.1000**	19,146	£0.1000
Granted during the period	**–**	**–**	–	–
Exercised during the year	**–**	**–**	(1,000)	£0.1000
Transfers during the year	**–**	**–**	(694)	£0.1000
Forfeited during the year	**(13,261)**	**£0.1000**	(4,190)	£0.1000
Number of options outstanding at 30 September	**–**	**£0.1000**	13,261	£0.1000
Exercisable at 30 September	**–**	**£0.1000**	6,857	£0.1000

1 2012 comparatives have been restated following the 10:1 consolidation effected during 2013

3. The 2009 Employees' Share Option Plan

On 28 August 2009 the Company adopted the Pursuit Dynamics PLC 2009 Employees' Share Option Plan to allow, at the discretion of the Board, any eligible employee to be granted EMI or non-EMI qualified options at an exercise price to be determined by the Board but not to be less than the nominal value of a share and will vest subject to such time based and share price performance based conditions as the Board may determine.

The Employees' Share Option Plan also increased the number of options which may be granted over Ordinary Shares of 1 pence each in the capital of the Company which when aggregated with all other Ordinary Shares of 1 pence each in the capital of the Company placed under option or issued under any other share plan established for the benefit of its employees or service providers and operated by the Company or Group in the preceding ten year period from 10% of the Company's Ordinary Issued Share capital at any one time to 15%.

Options are not exercisable later than midnight on the day before the tenth anniversary of the date of grant.

Options were fair valued using the Black-Scholes option pricing model, or where there are market-based performance conditions, a Monte Carlo simulation pricing model.

The expected volatility is based on the historic volatility during a period of two years preceding the date of the grant and reflects the assumption that historic volatility is indicative of future trends, which may not necessarily be the actual outcome. The expected life of the option was assumed to be the vesting period based on historical exercising or in the case of options with performance conditions, where the conditions had not already been met, the expected life was assumed between one and two years based on publicly available share price projections and is not necessarily indicative of exercise patterns that may occur. Performance based conditions relate to the achievement of share price based performance targets.

The risk free rate is the yield on zero coupon UK Government bonds of a term consistent with the assumed option life.

Notes to Parent company financial statements
continued

For the year ended 30 September 2013

10. Share-based payment continued

The significant inputs into the pricing models and other information on the number of share options concerning the 2009 Employees' Share Option Plan are provided in the following tables:

	2013	2012[1]
Share price at date of grant (weighted average)	**£0.1800**	£8.0150
Exercise price (weighted average)	**£0.3000**	£10.0000
Number of employees	**3**	8
Vesting period (years)	**0–3**	0–2
Expected volatility	**161.74%**	100.30%
Option life (years)	**10.00%**	10
Expected life (years)	**0–5**	0–5
Risk free rate (weighted average)	**0.24%**	0.43%
Expected dividend yield	**Nil**	Nil
Possibility of ceasing employment before vesting	**0.21%**	0–21%
Expectations of meeting performance criteria	**100%**	100%
Fair value per option (weighted average)	**£0.1180**	£4.8560

1 2012 comparatives have been restated following the 10:1 consolidation effected during 2013

	2013		2012[1]	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at 1 October	**207,498**	**£18.9920**	322,807	£20.1480
Granted during the period – performance conditions	**190,000**	**£0.3000**	112,000	£10.0000
Granted during the period – non-performance conditions	**190,000**	**£0.3000**	–	–
Exercised during the year	**–**	**–**	–	–
Transfers during the year	**–**	**–**	(1,125)	£11.5340
Forfeited during the year	**(205,998)**	**£19.0580**	(226,185)	£11.5798
Number of options outstanding at 30 September	**381,500**	**£0.3381**	207,498	£18.9920
Exercisable at 30 September	**380,000**	**£0.3000**	72,697	£26.3420

1 2012 comparatives have been restated following the 10:1 consolidation effected during 2013

IFRS 2 (Share-based payment) requires that the fair value of such equity-settled transactions is calculated and systematically charged to the statement of comprehensive income over the vesting period. The total fair value that was charged to the income statement in relation to the equity-settled share-based payments charge was £13,289.

4. The 2009 Service Provider Share Option Plan

On 28 August 2009 the Company also adopted the Pursuit Dynamics PLC 2009 Service Provider Share Option plan which permits the Company to grant share options to companies which provide services to the Company or Group via an employee or director of the service company. The Service Provider Plan incorporates all the provisions of the Pursuit Dynamics PLC 2009 Employees' Share Option Plan except that the provisions relating to EMI options are disregarded under the Service Provider Plan and options will be held by the service company and not the individual.

Options are not exercisable later than midnight on the day before the tenth anniversary of the date of grant.

Options were fair valued using the Black-Scholes option pricing model, or where there are market-based performance conditions, a Monte Carlo simulation pricing model.

	2013		2012[1]	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at 1 October	**–**	**–**	72,692	£10.2550
Forfeited during the year	**–**	**–**	(72,692)	£10.2550
Number of options outstanding at 30 September	**–**	**–**	–	–
Exercisable at 30 September	**–**	**–**	–	–

1 2012 comparatives have been restated following the 10:1 consolidation effected during 2013

On 24 October 2011 the Board amended the Pursuit Dynamics PLC 2009 Employees' Share Option Plan to remove the rule applicable only to US employees that no option may be exercisable later than 2.5 calendar months after the end of the taxable year (as defined within the plan rules) in which the option first becomes exercisable.

5. Gaming Realms 2013 EMI Plan

On 1 August 2013 the Company adopted the Gaming Realms 2013 EMI Plan to allow, at the discretion of the Board, any eligible employee to be granted EMI or non-EMI qualified options at an exercise price to be determined by the Board but not to be less than the nominal value of a share and will vest subject to such time based and share price performance based conditions as the Board may determine.

The Company granted options for B Shares under the Gaming Realms 2013 EMI plan. B Share value will be 20 pence less than the prevailing price of the Ordinary Shares and will therefore have no value unless the value of the New Ordinary Shares exceeds 20 pence. EMI options can only be granted to employees who meet the statutory working time requirement, and cannot normally be exercised before 15 July 2015. All options granted under the New Share Option Scheme on Admission will be exercisable over B Shares at their nominal value of £0.01 and will be capable of exercise, subject to certain exceptions, after two years of the date of grant.

Options are not exercisable later than midnight on the day before the tenth anniversary of the date of grant.

Options were fair valued using the Black-Scholes option pricing model, or where there are market-based performance conditions, a Monte Carlo simulation pricing model.

Expected volatility was determined by calculating the historical volatility of the Company's competitors in the sector.

	2013 Weighted average exercise price (pence)	2013 Number
Granted during the year	0.73	27,692,297
Outstanding at 30 September	0.73	27,692,297

The following information is relevant in the determination of the fair value of options granted during the year under the equity-settled share based remuneration schemes operated by the Group.

Option scheme	2013 £ EMI option	2013 £ unapproved options
Equity-settled		
Option pricing model used	Monte Carlo	Black-Scholes
Weighted average share price at grant date (in pence)	13	13
Exercise price (in pence)	0.01	13
Expected life (years)	3.5	3.5
Risk free rate	0.78%	0.78%
Expected dividend yield	–	–

IFRS 2 (Share-based payment) requires that the fair value of such equity-settled transactions is calculated and systematically charged to the statement of comprehensive income over the vesting period. The total fair value that was charged to the income statement in relation to the equity-settled share-based payments charge was £23,182.

At 30 September 2013 outstanding share options for Directors and employees to subscribe to Ordinary Shares of 10 pence each were:

	Exercise price (pence)	Date granted	Number of shares	Exercisable between
Approved	0.01	1 August 2013	26,153,837	31 July 2015 – 31 July 2022
Unapproved	13	1 August 2013	1,538,460	31 July 2015 – 31 July 2022

Notes to Parent company financial statements continued

For the year ended 30 September 2013

6. Summary of share option plans

A reconciliation of option movements for the share option plans over the year to 30 September 2013 is shown below:

	Number
Outstanding at 1 October 2011	522,777
Granted during the period	112,000
Exercised during the year	(5,036)
Forfeited during the year	(321,820)
Number of options outstanding at 30 September 2012	307,921
Granted during the period	28,072,297
Exercised during the year	–
Forfeited during the year	(306,421)
Number of options outstanding at 30 September 2013	28,073,797
Exercisable at 30 September	380,000

11. Events after the reporting date

On 10 December 2013, the Group acquired QTM for an estimated total consideration of £2,220,850, comprising of £1,470,850 cash and a deferred payment of 3,571,428 Ordinary Shares being the equivalent of approximately £750,000 at a price of 21 pence per share to be allotted and admitted to trading 12 months from completion. QTM is a specialist online gaming marketing agency which will enhance the Group's activities by cost-effectively capturing new users across emerging digital channels such as Facebook. With the proximity of the date of the acquisition to the date of the authorisation of these financial statements, a detailed assessment of the fair value of the consideration and identifiable net assets has not yet been completed.

The Company also raised a further £2,400,000 through the placing of 11,476,190 New Ordinary Shares at 21 pence per share.

On the 8 October 2013, Pursuit Processing Equipment Limited was officially dissolved.

Company Information

Directors
Michael Buckley, Chairman
Patrick Southon, Chief Executive Officer
Simon Collins, Executive Director
Mark Segal, Chief Financial Officer
Jim Ryan, Non-executive Director
Mark Wilson, Non-executive Director

Company Secretary
Mark Segal

Auditors
BDO LLP, 55 Baker Street, London, W1U 7EU

Bankers
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