Gaming VC Holdings SA

Results for the year ending 31 December 2007

GAMING VC Holdings SA

(Incorporated in the Grand Duchy of Luxembourg, Registered Number RC Luxembourg B 104348)

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CHAIRMAN'S STATEMENT

I am pleased to present the 2007 full year results for Gaming VC which demonstrate strong growth and are in line with expectations.

Over the last year, the Group has successfully implemented the important strategic and operational objectives as set out in Gaming VC's 2006 results by the then newly appointed Chief Executive, Kenneth Alexander, including:

- Reducing the risk from potential German legislative issues;
- Improving the profitability of the German business;
- Diversifying into other territories and into other products and
- Strengthening the level of expertise within the business.

The outcome of carefully following these strategies is record profitability for the Group. The financial results for the year ended 31 December 2007 show an operating profit before exceptional items and share option charges of €17.3 million (2006: €13.5 million), an increase of 28 per cent.

I believe that the current dividend policy remains appropriate for the Group. The core business is cash generative and not capital intensive, and we will continue to return excess cash flow to shareholders as appropriate. The Board is recommending a final dividend of €0.20 (c. £0.16) giving a total distribution of €0.40 (c. £0.29) for the current financial year (2006: €0.384 and 0.26). This final dividend will be paid on 30 May 2008 to all shareholders of record at the close of business on 9 May 2008.

To reduce risk from potential legislative issues in Europe the majority of our business including all of our German Operations now operates under our Maltese licence. We look forward to a resolution of the regulatory debate within the EU.

We are pleased with the results for the first quarter of 2008 and are confident that we will continue to build on the strong momentum created in 2007.

Adrian J. R. Smith
Chairman

22 April 2008

CHIEF EXECUTIVE'S STATEMENT

The successful implementation of our strategy has produced record results for the 2007 financial year.

The Group has taken a number of steps to improve the profitability of its core German business including tighter control of overheads and expenditure. The distribution of all direct mail to recruit customers was stopped in May 2007, and marketing efforts were concentrated on affiliate marketing and search engine optimisation with customer recruitment remaining at historic levels.

In June 2007, the Group renegotiated its casino/poker operating contract with Boss Media on more favourable commercial terms. In order to remain competitive, Gaming VC believes it is important to utilise other software providers. New brands utilising flash casino and live dealer casino products will be launched during 2008 and a new poker brand www.pokerkings.com was launched in December 2007.

In September 2007, Gaming VC launched a sportsbook licenced in Malta (www.betaland.com) and in the first quarter of 2008, has secured an additional Italian sportsbook licence (www.betpro.it). The Maltese sportsbook launch has exceeded our expectations and represents a significant step for Gaming VC in developing business outside of Germany. The new business has continued to grow during 2008 and Italy will continue to be a key strategic market for the Group in the financial year ahead. Further sportsbook sites will be launched under the 'Betaland' brand in 2008 to assist with diversification.

To further extend the Group's product range, Gaming VC launched a bingo site, www.winzingo.es, in the first quarter of 2008, using the proven software from Parlay. This site will initially be focused on the Spanish female market and rolled out across other European territories in due course.

Consistent with the change in marketing strategy, the Group replaced direct marketers with experienced executives from the online gaming industry including affiliate marketing. In addition, an experienced Customer Relationship Management (CRM) teams allow us to concentrate on the retention of existing casino customers. The CRM expertise that was recruited in 2007 together with further recruits will be employed to set up a new CRM centre during the second quarter of 2008 to handle all aspects of customer service, currently provided by Boss Media. By bringing all areas of customer contact in-house Gaming VC will have complete control over all areas of the customer interface. This should significantly enhance retention and maximise the lifetime value of customers.

Group Financial Performance

	Net Revenue		**Gross Profit**	
All €'000	**2007**	2006	**2007**	2006
Casino	**38,164**	38,365	**28,685**	28,377
Poker	**3,420**	2,208	**2,409**	1,038
Sports Betting	**1,123**	–	**1,075**	–
Total	**42,707**	40,573	**32,169**	29,415

In 2007, the total gross wagers placed were €1.8 billion (2006: €1.6 billion) and net revenues were €42.7 million (2006: €40.6 million). A significant proportion of the revenue growth is attributable to the commencement of sports betting during the year, which accounted for €1.1 million of the increase. The gross profit for the financial year ended 31 December 2007 was €32.2 million (2006: €29.4 million). €1.1 million of the increased gross profit was generated from the sportsbook activity started in 2007. Casino operating activities in 2007 remained at a similar level and margin to 2006 and poker net revenues increased by 55% year-on-year. In both 2007 and the prior year less than 1% of the gross margin was earned from customers residing outside the European Union and Gaming VC have never transacted any wagering activity by customers in the US.

In the 2007 financial year there were no significant one-off jackpot winners on the Group's slot machine games with associated ''progressive'' jackpots. The total of the available jackpots at the end of December 2007 was €3.2 million (2006: €2.2million) with the largest available individual jackpot being €1.6 million (2006: €1.3 million).

The Group operating profit before exceptional items and share option charges for the financial year ended 31 December 2007 increased by 28% to €17.3 million (2006: €13.5 million) after the deduction of distribution and administrative expenses. The Group incurred no exceptional charges in the year (2006: €41.5 million) and generated an operating profit before financing of €16.5 million (2006: loss of €28.9 million).

Distribution costs of €5.8 million (2006: €7.1 million) reflect the savings generated due to the change in customer recruitment from direct mail to affiliate marketing which have been partly offset by the additional costs of €1.0 million for the 2007 sportsbook launch.

The major items within the administrative expenses incurred (excluding amortisation) during the financial year are detailed below:

	2007	2006
	€'000	€'000
Employment costs	**2,886**	3,434
Travel	**548**	886
Legal, accounting and tax	**2,432**	1,682
All other costs	**990**	775
Total administrative expenses	**6,856**	6,777

Employment costs are analysed in note 2 to the financial results.

Within the legal, accounting and tax costs for 2007 are expenses related to the acquisition of the Maltese operating licences in the year.

The amortisation of intangible assets is detailed in note 6 to the financial results. This is a non-cash charge primarily to reflect the reduction in economic value over the useful lives of these assets.

Net financing income for the financial year of €0.1 million (2006: net financing income €0.1 million) are analysed in note 3 to the financial results. The majority of Group revenues are in Euros, as are the majority of both the cost of distribution and administration.

Due to the increased levels of business in both Malta and Italy projected in 2008 compared to 2007, it is estimated that Gaming VC will increase its tax charge from a current base level of 2% of operating profits to closer to 5% in 2008. The final charge will depend on both the markets where growth is achieved and future developments on taxation in the domiciles Gaming VC operates in.

In the reporting period the Group generated €19 million (2006: €17.9 million) of cash flows from operating activities. After payment of the dividends totalling €12.2 million during the year, the Group's closing cash balance as at 31 December 2007 was €15.9 million (2006: €9.4 million). Capital expenditure in the financial year across the Group was €0.6 million (2006: €0.3 million) which primarily reflects new equipment and software related to the setting up of the Maltese operations. A similar level of capital expenditure is envisaged in 2008 relating to the acquisition of the Italian licence and the establishment of an in-house customer service centre.

Dividends

The Board is recommending a final dividend of €0.20 (c. £0.16) giving a total distribution of €0.40 (c. £0.29) for the current financial year (2006: €0.384 and 0.26). This final dividend will be paid on 30 May 2008 to all shareholders of record at the close of business on 9 May 2008.

Outlook

During the first three months of the 2008 financial year trading has been slightly ahead of expectations due to both resilience in the German casino business and better than expected Sportbook performance. The total revenues are 12% ahead of the same period in the previous year and 6% more funded accounts have been recruited. Compared to the fourth quarter of 2007 revenue is 23% higher and there have been 3% more funded accounts recruited.

We will continue to focus on maintaining German casino volumes with the reduced cost base and aggressively growing revenue outside Germany through new initiatives including the Italian operation, bingo and through affiliate marketing.

We move into 2008 with an experienced team now in place and a clear strategic direction that will continue the transformation of the business from a German casino supported by direct mail into a significant European gaming business using efficient online marketing for recruitment and industry leading CRM.

Kenneth Alexander
Chief Executive

22 April 2008

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To the Shareholders of Gaming VC Holdings S.A.

REPORT OF THE REVISEUR D'ENTREPRISES

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Gaming VC Holdings S.A. and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as at December 31, 2007 and the consolidated statements of income, recognised gains and losses and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out our pages 8 to 28.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the Réviseur d'Entreprises

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the Institut des Réviseurs d'Entreprises. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the Réviseur d'Entreprises, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG Audit S.à r.l., a Luxembourg Société à Responsabilité Limitée and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

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Capital 25.000 €
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Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as of December 31, 2007, and of its financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The consolidated management report, which is the responsibility of the Board of Directors, is in accordance with the consolidated financial statements.

Luxembourg, April 22, 2008

KPMG Audit S.à r.l.
Réviseurs d'Entreprises

Ph. Meyer

KPM.001

Consolidated income statement

For the year ended 31 December 2007

In thousands of euro	*Note*	**Year ended 31 December 2007**	Year ended 31 December 2006 Before goodwill impairment	Goodwill impairment	Total
Revenue	1	**42,707**	40,573	–	40,573
Cost of Sales		**(10,538)**	(11,158)	–	(11,158)
Gross profit		**32,169**	29,415	–	29,415
Net operating expenses (including exceptional items and share option charges)		**(15,665)**	(25,075)	(33,274)	(58,349)
Operating profit before exceptional items and share option charge		**17,319**	13,505	–	13,505
Share option charge		**(815)**	(893)	–	(893)
Exceptional items	6	**–**	(8,272)	(33,274)	(41,546)
Operating profit/loss before financing		**16,504**	4,340	(33,274)	(28,934)
EBITDA		**19,480**	15,536	–	15,536
Depreciation		**(57)**	(35)	–	(35)
Amortisation		**(2,919)**	(11,161)	(33,274)	(44,435)
Financial income	3	**459**	163	–	163
Financial expense	3	**(332)**	(68)	–	(68)
Net financing income		**127**	95	–	95
Profit/(Loss) before Tax		**16,631**	4,435	(33,274)	(28,839)
Income tax income	4	**11**	–	–	–
Profit/(Loss) for the year		**16,642**	4,435	(33,274)	(28,839)
Profit/(Loss) per ordinary share					
Basic earnings per share (euro)	10	**0.534**			(0.93)
Diluted earnings per share (euro)	10	**0.534**			(0.93)

Consolidated statement of recognised income and expense

For the year ended 31 December 2007

In thousands of euro	**Year ended 31 December 2007**	Year ended 31 December 2006
Profit/(Loss) and total recognised income and expense for the year	**16,642**	(28,839)

Consolidated balance sheet

As at 31 December 2007

In thousands of euro	*Note*	**31 December 2007**	31 December 2006
Assets			
Property, plant and equipment	5	**521**	56
Intangible assets	6	**55,724**	58,548
Deferred tax asset	4	**11**	–
Total non-current assets		**56,256**	58,604
Trade receivables	7	**3,021**	1,892
Other receivables and prepayments	7	**1,274**	417
Cash and cash equivalents	8	**15,859**	9,407
Total current assets		**20,154**	11,716
Total assets		**76,410**	70,320
Equity			
Issued share capital	9	**38,608**	38,608
Share premium	9	**51,977**	57,926
Retained earnings	9	**(18,623)**	(29,853)
Total equity attributable to equity holders of the parent		**71,962**	66,681
Liabilities			
Income tax payable		**18**	18
Trade and other payables	12	**1,538**	1,317
Accrued expenses	12	**2,892**	1,101
Withholding tax on dividends	12	**–**	1,203
Total current liabilities		**4,448**	3,639
Total liabilities		**4,448**	3,639
Total equity and liabilities		**76,410**	70,320

Consolidated statement of cashflows

For the year ended 31 December 2007

In thousands of euro	*Note*	**Year ended 31 December 2007**	Year ended 31 December 2006
Cash flows from operating activities			
Cash receipts from customers		**41,578**	40,833
Cash paid to suppliers and employees		**(22,545)**	(22,934)
Net cash from operating activities		**19,033**	17,899
Cash flows from investing activities			
Interest received		**459**	154
Disposal of equipment		**40**	–
Acquisition of property, plant and equipment	5	**(562)**	(45)
Acquisition of intellectual property	6	**(95)**	(231)
Net cash from investing activities		**(158)**	(122)
Cash flows from financing activities			
Dividend paid		**(12,176)**	(15,612)
Net cash from financing activities		**(12,176)**	(15,612)
Net increase in cash and cash equivalents		**6,699**	2,165
Cash and cash equivalents at beginning of the year		**9,407**	7,233
Effect of exchange rate fluctuations on cash held	3	**(247)**	9
Cash and cash equivalents at end of the year		**15,859**	9,407

Notes to the consolidated financial statements

Significant accounting policies

Gaming VC Holdings S.A. (the ''Company'') is a company registered in Luxembourg that was incorporated on 30 November 2004. The consolidated financial statements of the Company for the year ended 31 December 2007 comprise the Company and its subsidiaries (together referred to as the ''Group'').

The financial statements were authorised for issue by the directors on 22 April 2007.

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations adopted by the International Accounting Standards Board (IASB) as adopted by the European Union.

(b) Basis of preparation

The financial statements are presented in euro, rounded to the nearest thousand. They are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments held for trading or classified as available for sale.

The preparation of financial statements in conformity with IFRSs requires directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

The accounting policies have been applied consistently by Group entities.

(c) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

(iii) Business combinations

All business combinations are accounted for by applying the purchase method. The cost of a business combination is measured as the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity instruments issued by the Group, plus any costs directly attributable to the combination. The identifiable assets, liabilities and contingent liabilities of the acquiree are measured initially at fair value at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill.

(d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to euro at the foreign exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the consolidated income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(ii) Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to euro at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to euro at rates approximating to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in a separate component of equity.

(e) Property, plant and equipment

(i) Owned assets

Property, plant and equipment are stated at cost, less accumulated depreciation (see below) and impairment losses (see accounting policy g).

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

- buildings — 40 years
- plant and equipment — 3-12 years
- fixtures and fittings — 5-10 years

The residual value, if not insignificant, is reassessed annually.

(f) Intangible assets

(i) Goodwill

Acquired goodwill represents the excess of the cost of a business combination over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree at the date of acquisition. Goodwill is tested at least annually for impairment and carried at cost less accumulated impairment losses. At the date of acquisition, goodwill is allocated to cash generating units for the purpose of impairment testing.

Negative goodwill arising on an acquisition is recognised directly in profit or loss.

(ii) Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (see below) and impairment losses (see accounting policy g).

The cost of intangible assets acquired in a business combination is the fair value at acquisition date. The valuation methodology used for each type of identifiable asset category is detailed below:

- Magazine-related — Cost
- Consulting — Income (cost saving)
- Software licence — Income (incremental value plus loss of profits)
- Trademarks — Relief from royalty
- Goodwill — Residual balance

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

(iii) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(iv) Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- consulting agreements 3-5 years
- capitalised development costs 2-4 years
- software licence agreements 5-15 years

(g) Impairment

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the group makes an estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is written down to its recoverable amount. Recoverable amount is the higher of fair value less costs to sell and value in use and is determined for an individual asset. If the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets the recoverable amount of the cash generating unit to which the asset belongs is determined. Discount rates reflecting the asset specific risks and the time value of money are used for the value in use calculation.

For goodwill and trademarks that have an indefinite useful life, the recoverable amount is estimated at each balance sheet date.

(h) Share capital

(i) Dividends

Dividends are recognised as a liability in the period in which they are declared.

(i) Employee benefits

(i) Defined contribution plans

The Group operates a defined contribution plan. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

(ii) Share-based payment transactions

The share option programme allows Group employees to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted in 2007 were measured using a bi-nominal valuation model. Prior to 2007 the black-scholes valuation model was used, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

(j) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(k) Trade and other payables

Trade and other payables are stated at cost.

(l) Revenue

Revenue comprises proceeds from gaming activities. In accordance with industry practice, gaming revenue represents ''customer drop'' or net revenue which comprises amounts staked net of customer winnings and not the handle or wagered amount.

(m) Expenses

(i) Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

(ii) Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested, dividend income, foreign exchange gains and losses.

Interest income is recognised in the income statement as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established.

(n) Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is more probable than not that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

(o) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(p) Short-term deposits

Short-term deposits comprise cash deposits held with highly credit rated financial institutions with original maturities of more than three months and up to one year.

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits held with banks.

(r) Financial instruments

Non-derivative financial instruments.

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Accounting for finance and income and expense is discussed in note m (ii).

(s) New standards

The company adopted the following new IFRS standards and interpretations. The following amendments and interpretations, which are mandatory for accounting periods beginning on or after 1 January 2007, did give rise to additional disclosures:

- IFRS 7 Financial Instruments: Disclosures and the Amendment to IAS 1 Presentation of Financial Statements: Capital Disclosures did give rise to additional disclosures about the significance of financial instruments for the Group's financial position and performance, and qualitative and quantitative disclosures on the nature and extent of risks.

The following amendments and interpretations, which are mandatory for accounting periods beginning on or after 1 January 2007, did not have any effect on the financial statements of the Group and did not give rise to additional disclosures:

- IFRS 4 Insurance contracts;
- IFRIC 7 Applying the restatement approach under IAS 29, Financial reporting in hyper-inflationary economies;
- IFRIC 8 Scope of IFRS 2 Share-based Payments;
- IFRIC 9 Re-assessment of embedded derivatives; and
- IFRIC 10 Interim Financial Reporting and Impairment.

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2007, and have not been applied in preparing these financial statements. These include:

- IFRS 8 Operating Segments, which becomes mandatory for the Group's 2009 financial statements, will require the disclosure of segment information based on the internal reports reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them.
- Revised IAS 23 Borrowing Costs will become mandatory for the 2009 financial statements and this revised standard removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset. It is not expected to have any impact on the financial statements.
- IFRIC 11 IFRS2 – Group and Treasury Share Transactions requires a share-based payment arrangement in which an equity receives goods or services as consideration for its own equity instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments are obtained. IFRIC 11 will become mandatory for the Group's 2008 financial statements, with retrospective application required. It is not expected to have any impact on the consolidated financial statements.
- IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on the impact of minimum funding requirements (MFR) on such assets. It also addresses when a MFR might give rise to a liability. IFRIC 14 will become mandatory for the Group's and Company's 2008 financial statements, with retrospective application required.
- Revised IAS 1 Presentation of Financial Statements is aimed at improving users ability to analyse and compare the information given in financial statements.
- Revised IFRS 3 Business Combinations continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with some contingent payments subsequently remeasured at fair value through income. Goodwill may be calculated based on the parent's share of net assets or it may include goodwill related to the minority interest. All transaction costs will be expensed.
- Revised IAS 27 Consolidated and Separate Financial Statements provides mainly guidance on changes in the ownership interests.

- Amendments to IAS 32 Financial Instruments: Presentation and Amendments to IAS 1 Presentation of Financial Statements. These amendments to the standards require that some puttable financial instruments and some financial instruments that impose on the entity an obligation to deliver to another party a *pro rata* share of the net assets of the entity only on liquidation to be classified as equity.
- IFRIC 12 Service Concession Arrangements applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services.
- IFRIC 13 Customer loyalty programmes clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement in using fair values.

The Company has not yet determined all the potential effect of the new standards and interpretation not yet effective.

1 Segment reporting

Segment information is presented in respect of the Group's business and geographical segments.

Business segments

Based on risks and returns and transacting with customers, the management considers that the Group's primary reporting format is by following three business segments:

- Casino;
- Poker;
- Sports Betting.

Following the acquisition of new operating licences during the year, and the expectation of additional licences being acquired in 2008 the management reporting now places more emphasis on vertical product groups and majority of distribution costs being allocated on an activity basis to each business segment. The 2006 data has been restated on a consistent basis.

Unallocated corporate expenses, assets and liabilities relate to the entity as a whole and cannot be allocated to individual segments.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

Year ended 31 December 2007 €'000

	Casino	**Poker**	**Sports Betting**	**Unallocated Corporate**	**Consolidated**
Revenue	**38,164**	**3,420**	**1,123**	**–**	**42,707**
Gross Profit	**28,685**	**2,409**	**1,075**	**–**	**32,169**
Distribution costs	**3,649**	**780**	**1,013**	**391**	**5,833**
Administrative expenses	**–**	**–**	**–**	**6,856**	**6,856**
Profit Before Tax	**24,927**	**1,629**	**62**	**(9,987)**	**16,631**
Segmental assets	**57,842**	**100**	**1,519**	**16,949**	**76,410**
Capital Expenditure	**77**	**80**	**289**	**210**	**656**

Year ended 31 December 2006 €'000

	Casino	Poker	Sports Betting	Unallocated Corporate	Consolidated
Revenue	38,365	2,208	–	–	40,573
Gross Profit	28,377	1,038	–	–	29,415
Distribution costs	5,841	385	–	911	7,137
Administrative expenses	–	–	–	6,777	6,777
Profit Before Tax	22,536	653	–	(52,028)	(28,839)
Segmental assets	60,457	269	–	9,594	70,320
Capital Expenditure	266	10	–	–	276

Geographical analysis of net revenue

Year ended	**31 December 07 €'000**		31 December 06 €'000	
Germany	**32,083**	**75.1%**	30,330	74.8%
Austria	**6,297**	**14.7%**	7,515	18.5%
Italy	**2,337**	**5.5%**	130	0.3%
Other	**1,990**	**4.7%**	2,598	6.4%
Total Revenue	**42,707**	**100%**	40,573	100%

Non current assets within Luxembourg total €nil (2006: €nil) and non-current assets in other locations total €56.2 million (2006: €58.6 million).

All segments are continuing operations.

2 Personnel expenses

In thousands of euro	**Year ended 31 December 2007**	Year ended 31 December 2006
Wages and salaries	**1,957**	2,400
Compulsory social security contributions	**65**	154
Contributions to defined contribution plans	**49**	(13)
Equity-settled transactions	**815**	893
	2,886	3,434

3 Net financing costs

In thousands of euro	**Year ended 31 December 2007**	Year ended 31 December 2006
Interest income	**459**	154
Net foreign exchange gain through profit	**–**	9
Financial income	**459**	163
Interest expenses and bank charges	**(85)**	(68)
Net foreign exchange loss	**(247)**	–
Financial expenses	**(332)**	(68)
Net financing income	**127**	95

4 Income tax expense

Current tax

Current tax for the current and prior periods is classified as a current liability to the extent that it is unpaid. Amounts paid in excess of amounts owed are classified as a current asset.

Recognised in the income statement *In thousands of euro*	**Year ended 31 December 2007**	Year ended 31 December 2006
Current tax expense		
Current year	**–**	–
Adjustments for prior period	**–**	–
	–	–
Deferred tax income		
Origination and reversal of temporary differences	**(11)**	–
Reduction in tax rate	**–**	–
Benefit of tax losses recognised	**–**	–
	–	–
Total income tax (income)/expense in income statement	**(11)**	–

Reconciliation of effective tax rate *In thousands of euro*	**Year ended 31 December 2007**	Year ended 31 December 2006
(Profit)/loss before tax	**16,631**	(28,839)
Income tax using the domestic corporation tax rate	**4,936**	–
Effect of tax rates in foreign jurisdictions (Rates decreased)	**(4,936)**	–
Capital allowances for period in excess of depreciation	**(11)**	–
	(11)	–

A deferred tax asset was recognised as the Group considers that it more probable than not that future taxable profits will be available against which the asset could be utilised.

5 Property, plant and equipment

In thousands of euro	Fixtures and Fittings	Total Property Plant and Equipment
Cost		
Balance at 1 January 2007	112	112
Disposal	(112)	(112)
Acquisitions	562	562
Balance at 31 December 2007	562	562
Depreciation and impairment losses		
Balance at 1 January 2007	56	56
Disposal	(72)	(72)
Depreciation charge for the year	57	57
Balance at 31 December 2007	41	41
Carrying amounts		
At 31 December 2006	56	56
At 31 December 2007	521	521

Capital expenditure related primarily to the setup of the Maltese office in the year.

6 Intangible assets

In thousands of euro	Goodwill	Trade-marks	Software licence	Consulting	Magazine	Total
Cost						
Balance at 1 January 2006	73,613	15,144	11,915	419	4,500	105,591
Acquisitions	–	–	231	–	–	231
Balance at 31 December 2006	73,613	15,144	12,146	419	4,500	105,822
Balance at 1 January 2007	73,613	15,144	12,146	419	4,500	105,822
Acquisitions	–	–	95	–	–	95
At 31 December 2007	**73,613**	**15,144**	**12,241**	**419**	**4,500**	**105,917**
Amortisation and impairment losses						
Balance at 1 January 2006	–	–	1,213	106	1,520	2,839
Amortisation for the year	–	–	9,556	105	1,500	11,161
Impairment loss for the year	33,274	–	–	–	–	33,274
Balance at 31 December 2006	33,274	–	10,769	211	3,020	47,274
Balance at 1 January 2007	33,274	–	10,769	211	3,020	47,274
Amortisation for the year	–	–	1,335	104	1,480	2,919
Impairment loss for the year	–	–	–	–	–	–
At 31 December 2007	**33,274**	**–**	**12,104**	**315**	**4,500**	**50,193**
Carrying amounts						
At 31 December 2006	40,339	15,144	1,377	209	1,480	58,548
At 31 December 2007	**40,339**	**15,144**	**137**	**104**	**–**	**55,724**

Valuation methodologies

The valuation methodology of each type of identifiable intangible asset is detailed below.

Asset	**Valuation methodology**
Magazine-related	Cost
Consulting	Income (cost saving)
Software licence	Income (incremental value plus loss of profits)
Trade-marks	Relief from royalty
Goodwill	Residual balance

The valuation conclusions, for the assets acquired through business combinations, were cross-checked relative to the overall consideration paid in the transaction over net tangible assets, to ensure that the proportion of value attributed to (i) each identifiable tangible asset: and (ii) to all of the identified intangible assets combined in the total purchase price appears reasonable.

In addition, the implied weighted average return on assets was reconciled with the cost of capital derived for the business as a whole to check for the reasonableness of values placed on intangible assets and the discount rates/returns used.

Amortisation and impairment charge

The amortisation for the year and the accelerated amortisation on the software licence 2006 are recognised in the following line items in the income statement.

In thousands of euro	**Year ended 31 December 2007**	Year ended 31 December 2006
Net operating expenses	**2,919**	2,889
Exceptional items	**–**	8,272

Impairment tests for cash-generating units containing goodwill

An Impairment Review was carried out at the year end of the Company's goodwill in the Casino operation. The carrying values of the assets were compared with the recoverable amounts, these were determined with the assistance of independent valuers. It was viewed that the goodwill was not impaired.

The following units have significant carrying amounts of goodwill:

In thousands of euro	**31 December 2007**	31 December 2006
Casino operation: GVC Corporation II BV	**40,339**	40,339

7 Receivables and prepayments

In thousands of euro	**31 December 2007**	31 December 2006
Trade receivables	**3,021**	1,892
Interest receivables	**–**	11
Prepayments	**734**	406
Other Debtors	**540**	–
	4,295	2,309

Trade receivables include funds held by third party collection agencies as of 31 December 2007 amounting to €3 million, which corresponds to the revenue generated over the last 3 weeks of the 12 month period ended 31 December 2007.

Prepayments include payment as at 31 December 2007 for goods or services which will be consumed after 1 January 2008.

8 Cash and cash equivalents

In thousands of euro	**31 December 2007**	31 December 2006
Bank balances	**15,859**	2,341
Treasury deposits	**–**	7,066
Cash and cash equivalents	**15,859**	9,407

9 Capital and reserves

Reconciliation of movement in capital and reserves

In thousands of euro	*Note*	Share capital	Share premium	Retained earnings	Total
		Attributable to equity holders of the parent			
Balance at 1 January 2006		38,608	67,522	4,109	110,239
Equity settled transactions net of tax	12	–	–	893	893
Dividend paid in year		–	(9,596)	(6,016)	(15,612)
Total recognised income and expense		–	–	(28,839)	(28,839)
Balance at 31 December 2006		38,608	57,926	(29,853)	66,681
Balance at 1 January 2007		38,608	57,926	(29,853)	66,681
Equity settled transactions net of tax	12	–	–	815	815
Dividend paid in year		–	(5,949)	(6,227)	(12,176)
Total recognised income and expense		–	–	16,642	16,642
Balance at 31 December 2007		**38,608**	**51,977**	**(18,623)**	**71,962**

Share capital and share premium

Ordinary shares	**Year ended 31 December 2007**	Year ended 31 December 2006
On issue at beginning of year	**31,135,762**	31,135,762
On issue at end of the year	**31,135,762**	31,135,762

At 31 December 2007, the authorised share capital comprised 49,600,000 ordinary shares (2006: 49,600,000). The ordinary shares have a par value of €1.24.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Dividends

After the balance sheet date the following dividends were proposed by the directors. The dividends have not been provided for and there are no income taxes consequences.

In thousands of euro	**Year ended 31 December 2007**	Year ended 31 December 2006
€0.20 (GBP 0.16) per qualifying ordinary share (2006: €0.191 ((GBP 0.13))	**6,227**	5,949

10 Earnings per share

The calculation of basic earnings per share at 31 December 2007 was based on the profit attributable to ordinary shareholders of €16,641,810 (2006: loss of €28,838,575) and a weighted average number of ordinary shares outstanding during the year ended 31 December 2007 of 31,135,762 (2006: 31,135,762), calculated as follows:

Profit attributable to ordinary shareholders

In thousands of euro	**Year ended 31 December 2007**	Year ended 31 December 2006
Profit/(Loss) attributable to ordinary shareholders	**16,642**	(28,839)
Exceptional item	**–**	41,546
Profit before exceptional item	**16,642**	12,707

Weighted average number of ordinary shares

In shares	**Year ended 31 December 2007**	Period ended 31 December 2006
Issued ordinary shares at beginning of the year	**31,135,762**	31,135,762
Weighted average number of ordinary shares at end of the year	**31,135,762**	31,135,762

Earnings per share

In euro	**Year ended 31 December 2007**	Year ended 31 December 2006
Basic earnings per share	**0.534**	(0.926)
Basic earnings per share before exceptional items	**0.534**	0.408

Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2007 was based on the profit attributable to ordinary shareholders of €16,641,810 (2006:loss of €28,838,575) and a weighted average number of ordinary shares outstanding during the year ended 31 December 2007 of 31,135,762 (2006: 31,135,762), calculated as follows:

Profit attributable to ordinary shareholders (diluted)

In thousands of euro	**Year ended 31 December 2007**	Year ended 31 December 2006
(Loss)/Profit attributable to ordinary shareholders (diluted)	**16,642**	(28,839)
Exceptional item	**–**	41,546
Profit before exceptional item	**16,642**	12,707

Weighted average number of ordinary shares (diluted)

In shares	**Year ended 31 December 2007**	Year ended 31 December 2006
Weighted average number of ordinary shares at end of the year	**31,135,762**	31,135,762
Effect of share options on issue	**–**	–
Weighted average number of ordinary shares (diluted) at end of the year	**31,135,762**	31,135,762

Diluted earnings per share

In euro	**Year ended 31 December 2007**	Year ended 31 December 2006
Diluted earnings per share	**0.534**	(0.926)
Diluted earnings per share before exceptional items	**0.534**	0.408

11 Employee benefits

Share-based payments

At 2 December 2004, the Group established a share option programme that entitles key management personnel and senior employees to purchase shares in the Group. During 2007 grants were made available to eligible individuals under the programme as detailed below. In accordance with the programme options are exercisable at the market price of the shares at the starting date of employment or the date of grant.

Share-based payments

Grant date	Number of instruments	Contractual life of options
Option grants to eligible individuals at 1 March 2007	800,000	Ten years
Option grants to eligible individuals at 15 May 2007	321,834	Ten years
Option grants to eligible individuals at 21 August 2007	110,000	Ten years
Option grants to eligible individuals at 21 September 2007	126,500	Ten years
Option grants to eligible individuals at 24 October 2007	390,000	Ten years
Modification of options granted 23 January 2006	473,846	Ten years

Vesting

Options will vest and become exercisable as to one quarter on the first anniversary of the date of grant, and the balance becoming exercisable in 36 equal monthly instalments over the following three years.

The number of weighted average exercise prices of share options is as follows:

	Weighted average exercise price 2007 GBP	**Number of options 2007**	Weighted average exercise price 2006 GBP	Number of options 2006
Outstanding at the beginning of the year	**4.06**	**1,063,898**	4.58	840,365
Granted during the year	**1.27**	**2,222,180**	3.55	515,000
Forfeited during the year	**3.36**	**(228,689)**	4.66	(291,476)
Outstanding at the end of the year	**2.03**	**3,009,883**	4.06	1,063,889
Exercisable at the end of the year		**592,339**		229,652

The options outstanding at 31 December 2006 have a weighted average contractual life of 8.75 years.

The fair value of services received in return for share options granted in 2007 were measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured on a Binomial valuation model. The contractual life of the option (10 years) is used as an input into this model. Expectations of early exercise are incorporated into the Binomial model. The option exercise price for individuals who were employed at 21 December 2004 was the market price on admission to AIM of GBP 4.20 and for all other individuals the average market price on grant date.

Fair value of share options and assumptions	**1 March 2007 GBP**	**15 May 2007 GBP**	**13 July 2007 GBP**	**13 July 2007 GBP**	**21 August 2007 GBP**	**21 Sept 2007 GBP**	**24 Nov 2007 GBP**
Fair value at measurement date	**0.46**	**0.40**	**0.39**	**0.53**	**0.48**	**0.48**	**0.44**
Share price	**1.08**	**1.22**	**1.42**	**1.42**	**1.25**	**1.32**	**1.33**
Exercise price	**1.00**	**1.29**	**2.98**	**1.60**	**1.29**	**1.35**	**1.38**
Expected volatility	**65%**	**50%**	**60%**	**60%**	**60%**	**55%**	**50%**
Exercise Multiple	**2**	**2**	**2**	**2**	**2**	**2**	**2**
Expected dividends	**8%**	**8%**	**8%**	**8%**	**8%**	**8%**	**8%**
Risk-free interest rate (based on national government bonds)	**5.02%**	**5.33%**	**5.63%**	**5.63%**	**5.07%**	**5.08%**	**4.8%**

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

There are no market conditions associated with the share option grants

The fair value of services received in return for share options granted prior to 2007 were measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured on a Black-Scholes valuation model. The contractual life of the option (10 years) is used as an input into this model. Expectations of early exercise are incorporated into the Black-Scholes model.

The option exercise price for individuals who were employed at 21 December 2004 was the market price on admission to AIM of GBP 4.20 and for all other individuals the average market price on grant date.

Fair value of share options and assumptions	**16 May 2006**	**23 January 2006**		28 September 2005		2004
	GBP	**GBP**	**GBP**	GBP	GBP	GBP
Fair value at measurement date	**1.23**	**1.10**	**0.94**	1.95	1.58	1.33
Share price	**3.83**	**3.89**	**3.89**	5.50	5.50	4.20
Exercise price	**4.20**	**2.98**	**3.59**	4.20	5.50	4.20
Expected volatility (expressed as weighted average volatility used in the modelling under Black-Scholes model)	**65%**	**65%**	**65%**	45%	45%	45%
Option life (expressed as weighted average life used in the modelling under Black-Scholes model)	**4.8**	**4.8**	**4.8**	4.8	4.8	4.8
Expected dividends	**8%**	**8%**	**8%**	5%	5%	4%
Risk-free interest rate (based on national government bonds)	**4.70%**	**4.16%**	**4.16%**	4.22%	4.22%	4.51%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

There are no market conditions associated with the share option grants.

12 Trade and other payables

In thousands of euro	**31 December 2007**	31 December 2006
Other trade payables	**1,538**	1,317
Accrued expenses	**2,910**	1,101
Withholding tax on dividends	**–**	1,203
	4,448	3,621

13 Financial instruments and risk management

The Group's principal financial instruments as at 31 December 2007 comprise cash and cash equivalents. The main purpose of these financial instruments is to finance the Group's operations. The Group has other financial instruments which mainly comprise receivables and payables which arise directly from its operations. Cash and cash equivalents and trade and other receivables have been classified as loans and receivables and trade and other payables as financial liabilities measured at amortised cost.

During the year the Group did not use derivative financial instruments to hedge its exposure to foreign exchange or interest rate risks arsing from operational, financing and investment activities. The Group does not hold or issue derivative financial instruments for trading purposes.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or value of its holdings of financial instruments.

Exposure to market risk (which includes currency and interest rate risk) and credit risk arises in the normal course of the Group's business.

Foreign exchange risk

Foreign exchange risk arises from transactions, recognised assets and liabilities and net investments in foreign operations. The Group does not use foreign exchange contracts to hedge its currency risk. The Group dividend is declared in Euros (EUR) as a Luxembourg company, it is then paid in Pounds Sterling (GBP) at the exchange rate ruling when the dividend is declared. The Group considers its net exposure to currency risk to be low and that the potential savings from managing this exposure to be minimal.

The Group has investments in foreign operations which are all denominated in Euros minimising the Group's exposure to currency translation risk.

Financial assets and financial liabilities by currency

Trade and other Receivables

In thousands of euro	**31 December 2007**	31 December 2006
Euro	**4,125**	2,146
Sterling	**70**	12
USD	**100**	147
Other	**–**	4
	4,295	2,309

Cash & Cash Equivalents

In thousands of euro	**31 December 2007**	31 December 2006
Euro	**15,773**	6,904
Sterling	**63**	2,188
USD	**9**	311
Other	**14**	4
	15,859	9,407

Trade and other payables

In thousands of euro	**31 December 2007**	31 December 2006
Euro	**2,982**	2,867
Sterling	**638**	216
USD	**741**	530
Other	**69**	8
	4,430	3,621

A significant proportion of the Group's financial assets and liabilities are denominated in Euros, which minimises the Group's exposure to foreign exchange risk.

Interest rate risk

The Group and Company earn interest from bank deposits. During the year, the Group and Company have held cash on deposits with a range of maturities of less than three months. The Group had no committed borrowing facilities as at 31 December 2007.

Credit risk

The Group has no significant concentrations of credit risk with exposure spread over a large number of customers. The Group does not grant credit facilities to any of its customers and the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Liquidity risk

At 31 December 2007, the Group had cash and cash equivalents of €15.9 million (2006: €9.4 million) and considers liquidity risk to be low for the business.

Fair values

The carrying amounts of the financial assets and liabilities in the balance sheet at 31 December 2007 and 2006 for the Group and Company are a reasonable approximation of their fair values.

All trade and other receivables and payables have a maturity of less than one year.

14 Related parties

Identity of related parties

The Group has a related party relationship with its subsidiaries (see note 14) and with its directors and executive officers.

Transactions with key management personnel

Directors of the Company and their immediate relative's control nil% of the voting shares of the Company as detailed below:

In shares	**31 December 2007**	31 December 2006
Steve Barlow	**–**	2,251,927

In addition to their salaries, the Group also contributes to a post-employment defined contribution benefit plan on their behalf.

The key management personnel compensations are as follows:

In thousands of euro	**Year ended 31 December 2007**	Year ended 31 December 2006
Post-employment benefits	**46**	22

Total remuneration is included in ''personnel expenses'' (see note 2):

In thousands of euro	**Year ended 31 December 2007**	Year ended 31 December 2006
Directors	**1,281**	1,430

15 Group entities

Significant subsidiaries

	Country of incorporation	Ownership interest	
		31 December 2007	31 December 2006
Gaming VC (Cyprus) Limited	Cyprus	**100%**	100%
Gaming VC (Jersey) Limited	Jersey	**100%**	100%
GVC Corporation B.V.	Netherland Antilles	**100%**	100%
GVC Corporation II B.V.	Netherland Antilles	**100%**	100%
Gaming VC Corporation Limited	Malta	**100%**	–
Gaming VC Corporation S.P.A	Italy	**100%**	–

16 Accounting estimates and judgements

Management discussed with the Audit Committee the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates (note 6).

17 Subsequent events

There have been no subsequent events between 31 December 2007 and the date of the signing of these accounts that merit inclusion.

DIRECTORS

Adrian J R Smith, Non-Executive Director Chairman (64)

Adrian is the CEO of the Woolton Group, and has significant public company and corporate governance experience, having been the Non-Executive Chairman of the Carter and Carter Group from 2002 through to its flotation in 2005. He serves on the board of Regeneration Biologics Inc. in the USA, and Byotrol plc in the UK. He is also a non-Executive Director at Zodiac Training and Premier Credit. His management experience includes Deloitte Touche Tohmatsu, Grant Thornton LLP and Arthur Andersen LLP, as well as Ecolab Inc. and Procter and Gamble.

Nigel Blythe-Tinker, Non-Executive Director (57)

Between January 1999 and May 2004, Nigel was the Group Company Secretary and Head of Legal at William Hill plc as well as a member of the executive management team. He was involved in the highly successful flotation of William Hill plc at an enterprise value of £1.46 billion. He was associated with William Hill's discharge of US high yield debt and financial and corporate restructuring of the business. His additional responsibilities to the William Hill plc board were for corporate governance, statutory and regulatory compliance, legal matters (including worldwide litigation), its insurance portfolio and group services. Nigel was also actively involved in William Hill plc's acquisition and transactional programme. Prior to this, he held various positions including Company Secretary and Head of the Legal department for Thorn Lighting Group plc, Head of Legal Services at Framlington Group plc and Assistant Secretary of The Rank Organisation plc. He serves as a Non-Executive Director of New Media Lottery Services PLC and Pentasia Limited.

Lee Feldman, Non-Executive Director (40)

Lee is the Managing Partner of Twin Lakes Capital LLC, a private equity firm based in New York and focused on growth capital investments primarily in technology, media and consumer branded products. Prior to this he was a partner in SOFTBANK Capital Partners, a US private equity fund focused on technology and media enterprises. His extensive experience has been in private equity investing, as well as corporate and business development activities. Prior to his partnership in SOFTBANK Capital Partners, he was Vice President of corporate development at Ziff-Davis, which, prior to its sale, was a New York Stock Exchange quoted media company focused on technology with annual revenues exceeding US$1 billion. Prior to this, he was a member of the senior management team of two leveraged roll-ups and began his career as a corporate lawyer practicing with a major New York City law firm.

Kenneth J Alexander, Chief Executive Officer (38)

Kenny is a member of the Institute of Chartered Accountants of Scotland. He started his career as an accountant at Grant Thornton and joined Sportingbet in February 2000 where he held the position of Finance Director for European operations. In April 2002, Kenny was appointed Managing Director of Sportingbet's European Operations. In this position, Kenny was directly responsible for 150 employees from 16 countries overseeing trading, marketing, finance, IT, product development and customer service. In addition he had overall responsibility for all Sportingbet's sports book and gaming sites in Europe. Kenny was instrumental in developing Sportingbet's operations in new European markets including Turkey, Spain, Greece, Germany, France and Italy and driving cross-selling initiatives in these markets. Under Kenny's leadership, the business became one of the most profitable gaming operations in Europe.

Gerard Cassels, Finance Director (46)

Gerard an experienced Finance Director of listed companies, and has worked both in Europe and the US. Between 2001 and 2004, he was Group Finance Director for NMT Group PLC, the medical device design, development and licensing company. Prior to that he was Group Finance Director of Inveresk PLC, the niche specialty paper and board manufacturer. Gerard started his career at KPMG in the corporate finance department and is a qualified chartered accountant.

ADVISERS

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