The multinational sports betting and gaming group

Annual Report

2015

GVC Holdings PLC is a leading e-gaming operator in both b2c and b2b markets. GVC has four main product verticals and its core brands are CasinoClub, Betboo, Sportingbet, bwin, partypoker, partycasino and FoxyBingo.

GVC acquired bwin.party digital entertainment plc on 1 February 2016. The Group is headquartered in the Isle of Man and has licences in over 14 countries.

Highlights

Total Revenues (€'000)

247,730

Annual growth of 10%

Year	Value
2015	**247.7**
2014	224.8
2013	182.1

Contribution (€'000)

135,361

Annual growth of 10%

Year	Value
2015	**135.4**
2014	123.3
2013	102.6

Clean EBITDA (€'000)

54,077

Annual growth of 10%

Year	Value
2015	**54.1**
2014	49.2
2013	38.3

Dividend (€cents)

56.0

Increased by 1%

Year	Value
2015	**56.0**
2014	55.5
2013	48.5

CONTENTS

DIRECTORS	2
THE BOARD	3
ADVISORS	4
REGISTERED OFFICE, REGISTRAR AND UK TRANSFER AGENT	4
FACTSHEET	5
HISTORY	6
2015 REVIEW	
Chairman's Statement	9
Report of the Chief Executive	10
Report of the Group Finance Director	13
PRINCIPAL RISKS AND UNCERTAINTIES	26
REMUNERATION	
Report of the Remuneration Committee	29
GOVERNANCE	
Directors' Report	35
CONSOLIDATED FINANCIAL STATEMENTS (UNDER IFRS)	
Independent Auditor's report to the Members of GVC Holdings PLC	41
Consolidated Income Statement	46
Consolidated Statement of Comprehensive Income	46
Consolidated Statement of Financial Position	47
Consolidated Statement of Changes in Equity	48
Consolidated Statement of Cash Flows	49
Notes to the Consolidated Financial Statements	53
COMPANY FINANCIAL STATEMENTS (UNDER UK GAAP – FRS 101)	
Independent Auditor's report to the Members of GVC Holdings PLC	91
Company Balance Sheet	92
Company Statement of Changes in Equity	93
Notes to the Company Financial Statements	94
ADDITIONAL UNAUDITED INFORMATION	
Five year trading history	103

DIRECTORS

Lee Feldman *(age 48), Chairman, and non-executive Director*
Lee joined GVC in December 2004. He is the Managing Partner of Twin Lakes Capital, a private equity firm focused on branded consumer products, media and business services, which he co-founded in 2007. From 2008 through to 2015 he was also the CEO of Aurora Brands, the owner of both MacKenzie-Childs and Jay Strongwater, the iconic American luxury home furnishings and personal accessories companies. Lee was named the CEO of Aurora Brands when Twin Lakes led the acquisition of the business. He is also a member of the boards of directors of Aurora Brands, Pacific Health Labs and LRN Corporation. Prior to co-founding Twin Lakes, Lee was a partner in Softbank Capital Partners. He has a B.A and J.D. from Columbia University.

Kenneth J Alexander *(age 46), Chief Executive Officer*
Kenneth joined GVC in March 2007 as Chief Executive. He was formerly Finance Director, then Managing Director, of the European operations of Sportingbet PLC, which he joined in 2000. He is a member of the Institute of Chartered Accountants of Scotland and previously worked for Grant Thornton.

Richard Cooper *(age 55), Group Finance Director*
Richard joined GVC in December 2008 as Group Finance Director. He spent the early part of his career in the financial markets where he was Finance Director at the principal UK subsidiary of the Tullett and Tokyo Group (a forerunner of Tullett Prebon plc) and Chief Financial Officer at Fidelity Brokerage. He then undertook a number of restructuring roles, including working as Finance Director at Patsystems Group plc, a financial software company. In early 2005 he became a founder director of Trident Gaming plc which bought, developed and then sold the Gamebookers business. He is a member of the Institute of Chartered Accountants in England and Wales, having trained and qualified with Saffery Champness in London.

Stephen Morana *(age 45), Independent non-executive Director and Chairman of the Audit Committee*
Stephen joined GVC in February 2016 as an independent non-executive Director and Chairman of the Audit Committee. He was until recently the Chief Financial Officer of Zoopla Property Group Plc, the FTSE 250 digital media business, which he joined in 2013 and helped to float in 2014. Prior to that, he spent ten years at Betfair Plc, becoming Chief Financial Officer in 2006 and serving as interim Chief Executive Officer in 2012. Stephen is also a non-executive Director of boohoo.com plc. He is a member of the Institute of Chartered Accountants in England and Wales and an alumnus of the executive management programme at INSEAD.

Karl Diacono *(age 53), non-executive Director*
Karl joined GVC as a non-executive Director in December 2008. He chaired the Audit Committee up to 1 February 2016 and serves on the Remuneration Committee, and was appointed Chairman of that committee on 1 February 2016. He holds a Masters Degree in Management and is currently CEO of Fenlex Group that includes a corporate service provider and trust company based in Malta. He is also a non-executive director of various trading and holding companies as well as other online gaming companies. He is actively involved in the hospitality industry. Karl is also a director of a number of GVC subsidiaries including Gaming VC Corporation Limited, a Maltese subsidiary of the GVC Group to which Fenlex Corporate Services Limited also provides certain administrative services. He is a Maltese citizen.

Peter Isola *(age 57), non-executive Director*
Peter joined GVC in February 2016 as a non-executive Director. He currently holds a number of non-executive directorships which are regulated by the Gibraltar Financial Services Commission, including Gibraltar International Bank Limited and Callaghan Insurance Brokers Limited. Peter is a senior partner at ISOLAS in Gibraltar and was initially called to the Bar of England and Wales and the Gibraltar Bar in 1982. He is also a member of the Honourable Society of the Inner Temple, a Notary Public of Gibraltar, a Member of The Gibraltar Bar Council and former President of the Gibraltar Chamber of Commerce. His is recognised as a leading practitioner in the Remote Gambling Industry in Gibraltar and sits on a committee undertaking a review of the Remote Gambling legislation regime. He also forms part of a legislative review committee working on an overhaul of the personal taxation regime in Gibraltar.

Norbert Teufelberger *(age 51), non-executive Director*
In April 2016, Norbert joined Fastforward Innovations Plc, an AIM listed company focusing on investments in early stage technology companies, as a special advisor. Norbert, who served as the CEO of bwin, the forerunner to bwin.party, since 2001, joined GVC in February 2016 as a non-executive Director. He has been involved in the global casino and gaming industry since 1989. He occupied key positions with Casinos Austria, was a consultant to the Novomatic Group of companies and co-founded Century Casinos, Inc., a land-based casino company currently listed on the Nasdaq Capital Market and on the Prime Market of the Vienna Stock Exchange. He joined bwin in September 1999 and was instrumental in drawing up the initial business plan of the company and the subsequent structuring and preparation for its public listing. Norbert is a founding member of the European Gaming and Betting Association (www.egba.eu) and ESSA (www.eu-ssa.org). He holds a Masters in Business Administration from the University of Economics and Business Administration in Vienna.

The Board aims to meet four times a year or more frequently if required.

Committees of the Board

The Board has Audit, Remuneration and Nominations Committees.

Audit Committee

Members during 2015: Karl Diacono (Chair), Lee Feldman

The Audit Committee is required to give its approval before the release of the annual report and accounts, the preliminary year-end statement and the interim financial statements. In addition to this, the Committee is responsible for assessing the Group's internal controls, monitoring the independence of the Group auditors and assessing the Group's audit arrangements.

On 2 February 2016, Stephen Morana was appointed chairman of the Audit Committee. Stephen has recent and relevant financial experience. From 7 April 2016, the members of the Audit Committee are Stephen Morana (Chair), Karl Diacono and Peter Isola.

Remuneration Committee

Members during 2015: Karl Diacono (Chair), Lee Feldman

The Remuneration Committee reviews the remuneration packages of the Executive Directors and is required by the Board to review the bonus arrangements of any employee or consultant to the group. The Committee meets at least twice a year. See the Report of the Remuneration Committee on page 29 for further details.

From 7 April 2016, the members of the Remuneration Committee are Karl Diacono (Chair), Stephen Morana and Peter Isola.

Nominations Committee

The Nominations Committee was established on 7 April 2016. The members of the Nominations Committee are Lee Feldman (Chair), Peter Isola and Stephen Morana.

ADVISORS

Sponsor:
Cenkos Securities plc
6.7.8 Tokenhouse Yard
London
EC2R 7AS

Lawyers to the Company:
As to matters of UK law
Addleshaw Goddard LLP
Milton Gate
60 Chiswell Street
London
EC1Y 4AG

As to matters of Isle of Man law
DQ Advocates Limited
The Chambers
5 Mount Pleasant
Douglas
Isle of Man
IM1 2PU

As to matters of Maltese law
Fenech & Fenech Advocates
198, Old Bakery Street
Valletta, VLT 1455
Malta, Europe

As to matters of Gibraltar law
Isolas
Portland House
Glacis Road
GX11 1AA
Gibraltar

Auditor:
Grant Thornton UK LLP
Grant Thornton House
Melton Street
London
NW1 2EP

Financial PR Advisers:
Bell Pottinger
Holborn Gate
330 High Holborn
London
WC1V 7QD

Financial Advisors:
Houlihan Lokey
83 Pall Mall
London
SW1Y 5ES

REGISTERED OFFICE, REGISTRAR AND UK TRANSFER AGENT

Registered Office:
32 Athol Street
Douglas
Isle of Man
IM1 1JB

Registration Number:
4685V

Registrar:
Capita Registrars (Isle of Man) Limited
Clinch's House
Lord Street
Douglas
Isle of Man
IM99 1RZ

UK Transfer Agent:
Capita Asset Services
The Registry
34 Beckenham Road
Kent
BR3 4TU

Telephone: 0871 664 0300

FACTSHEET

GVC Holdings PLC is a multinational sports betting and gaming company. The Company is incorporated in the Isle of Man and the Group's activities are licensed in 15 countries. It acquired all of the issued and to be issued share capital of bwin.party digital entertainment plc on 1 February 2016 following a court sanction of a scheme arrangement on that date.

The Company is bound by the corporate laws of the Isle of Man, the Company's Articles of Association, the rules of the London Stock Exchange and the City Code on Takeovers and Mergers.

The primary economic environment in which the Group's subsidiaries operate is the Eurozone and thus the Euro is the functional currency of the majority of the Group's subsidiaries. As such, management and the Directors have selected the Euro as the presentational currency of the Group. The Group offers its customers a number of payment options across a wide range of currencies including EUR and GBP. The full payment options can be found on www.sportingbet.com. The shares are traded on the Standard Segment of the London Stock Exchange in GBP. The financial statements are prepared under International Financial Reporting Standards as adopted by the European Union (IFRS).

Investor Relations Website

Extensive information on the Group, prior-year financial statements and press releases can be found on the Group's website: www.gvc-plc.com.

Some key definitions

bwin.party: bwin.party digital entertainment plc

Enlarged Group: GVC Holdings plc incorporating bwin.party digital entertainment plc

Sports Gross Margin: Sports wagers less payouts.

Sports Gross Margin %: Sports Gross Margin divided by Sports wagers.

Sports Net Gaming Revenue ('Sports NGR'): Sports Gross Margin less free bets and promotional bonuses.

Total Net Gaming Revenue ('Total NGR'): Sports NGR + Net gaming stakes less payout winnings less customer bonuses + Other revenues.

Contribution: Total NGR less betting taxes, VAT (imposed by certain EU jurisdictions on either sports or gaming revenue), payment service provider fees, software royalties, commissions, revenue share and marketing costs.

Clean EBITDA: Earnings before interest, taxation, depreciation, amortisation, impairment charges, changes in the fair value of derivative financial instruments, share option charges and exceptional items.

Clean Net Operating Cashflow ('CNOC'): Clean EBITDA less: capitalised development costs, net corporate taxes paid, capital expenditure, finance lease payments, net working capital movements and exceptional items of a cash nature.

HISTORY

Year	Event
2016	Acquisition of bwin.party completes 1 February 2016, admitted to Main Market of London Stock Exchange 2 February Appointment of Norbert Teufelberger, Stephen Morana and Peter Isola as non-executive Directors
2015	Announced bid for bwin.party digital entertainment plc Trading update announces revenue of €247.7 million for the year
2014	Announcement on 14 May of strategic investment in Scandinavian markets
2013	Acquisition of Sportingbet (ex Australia) completes March 2013
2012	Announced exclusive talks with William Hill to acquire Sportingbet
2011	Launch of Betboo outside Latin America Acquisition of the rights to provide back-office services to East Pioneer Corporation BV, who in turn acquired Superbahis, a Sportingbet branded sportsbook
2010	Re-domicile from Luxembourg to the Isle of Man to improve post tax dividend return for shareholders
2009	Acquisition of Betboo, a Brazilian-focused Bingo/sportsbook product
2008	Richard Cooper joins as Group Financial Director; Karl Diacono joins as a non-executive Director
2007	Launch of a sportsbook Grant of Maltese license Kenneth Alexander joins as Chief Executive Officer and starts to reinvigorate the Group
2004	Incorporation of Gaming VC Holdings SA in Luxembourg Shares admitted to trading on AIM Acquisition of CasinoClub

bwin.party

sportingbet

betboo.com

CASINO CLUB

IN THIS SECTION

CHAIRMAN'S STATEMENT 9
REPORT OF THE CHIEF EXECUTIVE 10
REPORT OF THE GROUP FINANCE DIRECTOR 13
PRINCIPAL RISKS AND UNCERTAINTIES 26
REPORT OF THE REMUNERATION COMMITTEE 29
DIRECTORS' REPORT 35

BUSINESS REVIEW

CHAIRMAN'S STATEMENT

2015 was a momentous year for the Group. Not only did the Group increase its revenues and Clean EBITDA by 10% in the face of adverse currency movements, but also shareholders voted overwhelmingly for the acquisition of bwin.party on 15 December 2015 which completed on 1 February 2016.

The acquisition was structured as a mixture of a share and cash offer to the bwin.party shareholders; and financed by an equity placing of £150 million and a senior debt facility of €400 million. The Group is thus well resourced to see through its restructuring plan and to derive the targeted cost synergies on the combined businesses.

The Group has augmented its board by the recruitment of three additional non-executive directors: Norbert Teufelberger, who joins us from bwin.party, Stephen Morana and Peter Isola. As a result, we have added significant expertise to the Board in the areas of accounting and finance, regulatory matters and business development. In addition the operating management has been significantly strengthened below the board level with senior appointments in operations, product, sales and marketing and investor relations.

The Group's performance across the year was excellent. Increased and effective marketing in all territories led to: growth in Net Gaming Revenue (NGR), up 10% on 2014 to €248 million; Clean EBITDA up 10% to a record €54.1 million (at the top end of market expectations) and Profit before tax, excluding exceptional items, increasing 21% to €50.0 million. Dividends paid in the year increased from 55.0 €cents to 56.0 €cents. I am pleased to be able to say that the Group has increased its revenues, its Clean EBITDA and its dividends for each of the last five years. As shareholders will be aware, however, one of the conditions of the debt financing in connection with the bwin.party acquisition is a dividend holiday in calendar 2016.

GVC has a proven ability of generating value through successful integration of significant acquisitions and management is confident this will continue. We anticipate generating significant synergistic savings through the integration and restructuring of operations, which we aim to complete over the next 12 months. Our target is to drive €125 million of synergies from the combined businesses, and we remain confident that this can be achieved. However, the opportunity for the enlarged Group goes beyond cost synergies and we are excited by the current growth trends and potential across the breadth of businesses.

The Company has a highly focused and entrepreneurial culture, supported by an employee cash bonus structure as well as its long term incentive plan with market-priced stock options together with a total shareholder return measure. Furthermore I, together with the executive directors, have acquired a highly meaningful personal financial stake which should assure shareholders that our financial interests are closely aligned. Returning cash to shareholders via dividends has been core to the Group's philosophy and this remains the case. As with the Sportingbet acquisition, we aim to return to paying dividends as quickly as our borrowing facilities allow and is prudent from a balance sheet and cash flow perspective.

GVC now has significant scale and capability, and has positioned itself to make further acquisitions if they are sufficiently accretive for shareholders. We operate in a challenging and competitive market but one that also presents significant opportunities. I believe the Group has never been better placed to face these challenges and pursue the many opportunities.

GVC will be posting its Annual Report to shareholders on Saturday 30 April 2016 and it will be uploaded on our website (www.gvc-plc.com) from that date. The AGM will be held in the Isle of Man on Tuesday 24 May 2016. Lastly, I can confirm that we are actively pursuing our stated aim of seeking admission of the enlarged Group to the Premium Segment of the Official List as soon as practicable following publication of the 2015 Annual Report and we will update shareholders accordingly.

Lee Feldman
Chairman and Non-Executive Director
22 April 2016

REPORT OF THE CHIEF EXECUTIVE

I am pleased to say the Group delivered on all its objectives in 2015, producing a record Clean EBITDA and culminating in the positive vote by shareholders in both GVC and bwin.party for the acquisition of bwin.party which completed on 1 February 2016.

GVC has a strong track record of integrating challenging acquisitions and driving through synergies. The acquisition of Sportingbet in 2013 led to Clean EBITDA in 2015 three times higher than the GVC result in 2012 and turned Sportingbet from being profoundly loss-making into a significant profit contributor to the Group. Dividends during this time more than doubled from 22 €cents per share to 56 €cents last year.

The culture of GVC is to create a dynamic and entrepreneurial working environment, within a professional infrastructure which is imperative given the markets we operate in. As a consequence, GVC has built a strong management team at all levels, alongside highly talented and motivated staff. It is relatively early days but I am delighted to say that bwin.party also has many managers and staff of exceptional calibre, and together we shall drive the enlarged group forward. Our philosophy is about rewarding success and not failure; staff rewards are currently aligned to growth in 2016 NGR compared to 2015, whilst the long term incentive plan for senior management is aligned with the price at which shares were issued in relation to the bwin acquisition, £4.22, and total shareholder return, so option holders can only prosper if shareholders do so too.

I have already evaluated the bwin, Party Gaming, Party Casino, Gioco Digitale and Foxy Bingo brands and am encouraged by what I see – we have in the combined group a great portfolio of assets. There is undoubtedly great potential, but there is also much to be done.

Our challenges for 2016 and beyond are to:

- Quickly assimilate, reorganise and re-energize bwin.party into the GVC group to drive cost synergies and revenue opportunities
- Increase the product quality to improve the customer experience
- Increase the sports margin % and cross-sell additional gaming products to our customers
- Focus marketing expenditure on areas where we can measure the ROI and thus "finely-tune" the campaigns to maximise returns
- Fully leverage the substantial IP across the enlarged group in both B2C and B2B
- Review non-core assets and identify potential disposals
- Inject a cultural change to bwin.party to recognise financial performance as the success trigger for incentives.

I am particularly excited by the growth potential of the enlarged Group, and remain confident that we can secure our target of €125 million synergies within a year, the full benefits of which will be seen in 2018. Although we have only owned bwin.party since the 1st February, I have visited all the key operations and am very encouraged by what I have seen. We have already made progress in increasing the breadth and depth of management and executed a number of product improvements. It is too soon for these developments to have had a material impact, which makes the positive performance of the business in the first quarter of 2016 (see below), even more pleasing. I feel the positive start to 2016 reflects the fact that we acquired, in bwin.party, a business that had stabilised and was capable of returning to growth after some challenging years. Nevertheless, as I commented above, there is still much to be done to derive the inherent value that we believe exists within the bwin businesses.

Looking back at 2015, GVC delivered excellent operational and organic growth across the broad spread of markets in which the Group operates. The Board is pleased to report a significant increase in Sports wagers driving an increase in Clean EBITDA. Due to the impact of €24.5m of exceptional items, of which €23.0m relate to the acquisition of bwin.party, operating profit is down year on year. This also impacts on Profit before tax and Earnings per share. Key financial metrics for GVC on a standalone basis are shown below:

	Percentage Increase	**2015 (€)**	2014 (€)
Sports wagers	**15%**	**1.7 billion**	1.5 billion
NGR	**10%**	**248 million**	225 million
Contribution	**10%**	**135 million**	123 million
Clean EBITDA	**10%**	**54.1 million**	49.2 million
Operating profit	**(35%)**	**27.7 million**	42.9 million
Profit before tax	**(38%)**	**25.5 million**	41.3 million
Basic EPS		**40.2 €cents**	66.4 €cents
Dividends declared		**56.0 €cents**	55.5 €cents

Totals may not sum due to rounding and percentages have been calculated on the underlying rather than the summarised figures.

The Group has achieved a record level of Clean EBITDA for 2015 at €54.1 million which is 10% higher than the prior year, giving rise to Clean Net Operating Cashflows of €52.9 million.

The combination of GVC and bwin.party's operations for 2015 (less those activities disposed of during the year) would have resulted in the following "aggregated" results:

In €millions	Bwin	Less disposed activities and other adjustments	Restated Bwin	GVC	Aggregated (Unaudited)	Per day
Sports wagers	2,708.5	–	2,708.5	1,683.0	4,391.5	12.0
Sports margin %	9.0%	–	9.0%	9.2%	9.1%	
Total revenues	576.4	(14.3)	562.1	247.7	809.8	2.2
Clean EBITDA (after FX differences)	108.5	0.9	109.4	54.1	163.5	

Both GVC and bwin.party were impacted in 2015 by the full year of Point of Consumption tax on UK gaming revenues and by EU VAT imposed by certain jurisdictions on gaming revenues. The combined impact of that during 2015 when compared to 2014 was around €12.4 million.

Taxes are inevitable headwinds and it is through a balanced and well-diversified product and geographical profile of markets that GVC can best mitigate this exposure. A proforma revenue analysis for 2015 shows that no one market generates more than 25% of NGR and no one individual market which is not locally regulated generates more than 12% of NGR.

Q1 2016 AND CURRENT TRADING

GVC has traditionally focused on "revenue per day" and we shall continue to do so as an easy to understand metric across all its business units.

Average daily KPIs expressed in €000s	Q1-2016* 91 days	Q1-2015 90 days	Year on year change	Prior quarter history Q2-2015	Q3-2015	Q4-2015
Sports wagers	**10,626**	**4,558**	**133%**	**4,544**	**4,371**	**4,968**
Sports Margin %	*8.8%*	*9.0%*		*8.7%*	*9.9%*	*9.0%*
Sports NGR	**773**	**313**	**147%**	**299**	**337**	**316**
Gaming NGR	**1,016**	**352**	**189%**	**372**	**330**	**396**
Other revenue	**54**	**–**	**–**	**–**	**–**	**–**
Total NGR per day	**1,843**	**665**	**177%**	**671**	**667**	**712**
Total NGR €m	**167.7**	**60.0**	**180%**			

** GVC for the three month period 1 January 2016 to 31 March 2016; bwin.party for the two month period from 1 February 2016 to 31 March 2016.*

*** wagers less payouts before bonuses.*

In Q1, Group daily total NGR increased by 177% on the previous year, boosted by the acquisition of bwin.party which was consolidated from 1 February 2016.

Proforma NGR per day in constant currency €000s	Q1-2016*	Q1-2015*	Year on year change
GVC	**746**	**665**	**12%**
Bwin.party	**1,791**	**1,659**	**8%**
Group constant currency	**2,537**	**2,324**	**9%**
Group actual	**2,444**	**2,324**	**5%**

** bwin.party since 1 February 2016.*

GVC daily NGR in constant currency rose 12% in Q1 year on year. Daily NGR at bwin.party, since it became part of the Group, increased 8% on the comparable period in 2015. For the Group as a whole daily NGR in constant currency rose 9%.

Quarter 2 has also started strongly. Sports margins have improved within the bwin business, in part reflecting sports results but also improvements implemented since acquisition. We are also pleased with the performance of the gaming activities of bwin.party (Party Gaming, Party Casino, Cashcade, Gioco Digitale) since acquisition.

At 17 April 2016, gross cash (and cash equivalents) were €327 million; customer liabilities were €120 million; and the principal amount of the Cerberus loan was €400 million, leading to net debt of €193 million. In addition, however, the Group had €52 million of cash in transit with payment processors.

I end my report on a very upbeat note – The Board believe the Group has never been in a stronger position than now, benefitting from robust trading; diversified products and markets; highly motivated staff; and technological opportunities which will allow the Group to prosper. We look forward to a successful year.

Kenneth Alexander
Chief Executive
22 April 2016

REPORT OF THE GROUP FINANCE DIRECTOR

My financial review is in two parts this year: Part One takes readers through the primary financial statements of the GVC group for 2015, whilst Part Two deals with the impact and financing of the bwin.party acquisition.

PART ONE – A REVIEW OF 2015

BUSINESS MODEL

Despite the underlying complexities of the Group, the business of GVC as it existed in 2015 can be presented in a simple and transparent way as the table below illustrates:

'Formula'		Year ended 31 December 2015 €000's	€000's	Per day €000's
a	**Wagers**		**1,682,955**	**4,611**
b	**Margin %**		**9.2%**	
c = a x b	**Gross margin**		**154,086**	
d	Sports bonus		(40,234)	
e = c + d	**Sports NGR**		**113,852**	
f	**Gaming NGR across all brands**		**133,878**	
g = e + f	**TOTAL NGR**		**247,730**	**679**
h	Variable cost %		45.4%	
j = g x h	Variable costs		(112,369)	
k = g + j	**CONTRIBUTION**		**135,361**	
m	Other expenditure		(81,284)	
n = k + m	**CLEAN EBITDA**		**54,077**	
p = n / g	**CLEAN EBITDA %**		**21.8%**	
q	Exceptional items (non-deal related)	(1,475)		
r	Capitalised development costs	(5,003)		
s	Net corporate taxes paid	(657)		
t	Working capital and other movements	8,916		
u	Capex and lease payments	(2,924)		
v = sum q-u	Total of additional operating cashflows		(1,143)	
w = n + v	**CLEAN NET OPERATING CASHFLOWS ('CNOC')**		**52,934**	
x = w / g	**NOC %**		**21.4%**	
y	**Dividends**		**(34,319)**	
z = y / w	**Dividends as a % of CNOC**		**65%**	

- NGR increased by over 10% from €224.8 million to €247.7 million on wagers of €1.7 billion
- Contribution margin remained at 55%
- EBITDA increased 10% from €49.2 million to €54.1 million. The EBITDA margin remained in line with 2014 at 22% of revenue
- Operating profit at €27.7 million was 35.4% lower than 2014, due to the impact of exceptional items. Operating profit increased by 21.7% on a normalised basis, excluding exceptional items
- Exceptional items totaled €24.5 million, of which €23.0 million related to bwin.party deal costs
- Basic EPS before exceptional items rose to 80.2 €cents (Diluted EPS before exceptional items: 76.4 €cents), an increase of 20.8%. Basic EPS after exceptional items fell to 40.2 €cents (Diluted EPS: 38.3 €cents)
- CNOC as defined below in table 1, was €52.9 million out of which the Group distributed €34.3 million in dividends equal to a distribution ratio of 65% (2014: €42.6 million, dividend of €33.6 million, distribution ratio 79%)

Table 1: Summary of key financial measures (totals may not sum due to rounding and percentages have been calculated on the underlying rather than the summarised figures).

In €millions	2015	2014	Change	% change
Sports wagers	**1,683.0**	**1,463.5**	**219.5**	**15%**
Sports margin	**9.2%**	**9.8%**		
Sports revenue	113.8	110.2	3.6	3%
Gaming revenue	133.9	114.6	19.3	17%
Total NGR	**247.7**	**224.8**	**22.9**	**10%**
Contribution	**135.4**	**123.3**	**12.1**	**10%**
Contribution divided by Total NGR =	55%	55%		
Expenditure	**(81.3)**	**(74.1)**	**(7.2)**	**(10%)**
Clean EBITDA	**54.1**	**49.2**	**4.9**	**10%**
Clean EBITDA/revenue	22%	22%		
Depreciation and amortisation	(5.0)	(3.9)	(1.1)	(28%)
Share option charges	(0.5)	(0.8)	0.3	38%
Betit and Winunited revaluation	3.6	(1.6)	5.2	325%
Finance charges	(2.2)	(1.6)	(0.6)	(38%)
Profit before Tax and exceptional items	**50.0**	**41.3**	**8.7**	**21%**
Exceptional items	(24.5)	–	(24.5)	–
Taxation	(0.8)	(0.7)	(0.1)	(14%)
Profit after taxation	**24.7**	**40.6**	**(15.9)**	**(39%)**
Basic, non-dilutive EPS in €cents	40.2	66.4		(39%)
Basic pre-exceptional items, non-dilutive EPS in €cents	80.2	66.4		21%
Dividend paid in the year / share in €cents	56.0	55.0		2%
Dividends declared for the year / share in €cents	28.0	55.5		(50%)
Clean net operating cashflows	**52.9**	**42.6**		**24%**
Dividends paid	(34.3)	(33.6)		2%
Cash and cash in transit	**49.9**	**40.0**		
– Cash and cash equivalents	*28.2*	*17.8*		
– Balances with payment processors	*21.7*	*22.2*		
Customer liabilities	(14.8)	(13.0)	(1.8)	(14%)
Net current liabilities	(8.4)	(3.3)	(5.1)	>100%
Non-current liabilities	(22.6)	(6.5)		
– Interest bearing loans and borrowings	*(19.8)*	*(0.4)*		
– Non-interest bearing loan and borrowings	*–*	*(2.8)*		
– Share option liability	*(2.1)*	*–*		
– Deferred consideration on Betboo	*–*	*(1.6)*		
– Betit option liability	*(0.7)*	*(1.7)*		
Shareholder funds	**128.1**	**149.5**		
Number of shares in issue	61,276,480	61,276,480		
Number of shares under option	3,481,947	6,806,947		

REVENUES

Sports wagers grew 15% to €1,683.0 million (2014: €1,463.5 million). They averaged €4.6 million per day and rose to over €4.9 million per day in Q4 (Q4-2014: €4.4 million).

Sports margins differ widely across the multiple markets in which GVC operates as a consequence of the maturity of each market and the sports followed within them. A sports margin of 9.2% (2014: 9.8%) was achieved.

Sports NGR represents the sports gross margin less free bets and promotional bonuses.

Customers have a variety of gaming opportunities ranging from Casino (table games and slots), through to Poker and, in certain markets, Bingo. Sports and gaming revenues are relatively equal now, and in 2015 Sports NGR represented 46% of revenue and Gaming NGR represented 54%. 2015 saw a 10% increase in revenue over 2014, most of which came from growth in Gaming NGR.

Table 2: Average revenues per day since 1 January 2015

€000's	Q1-2016*	Q1-2015	Q2-2015	Q3-2015	Q4-2015
Sports wagers per day	10,626	4,558	4,544	4,371	4,968
Sports margin %	8.8%	9.0%	8.7%	9.9%	9.0%
Total NGR per day	1,843	665	671	667	712

* including bwin.party since 1 February.

CONTRIBUTION

Contribution is GVC's measure of revenues less cost of sales, and costs with a high correlation to revenues, such as partner shares, affiliate commissions and other marketing expenditure. Cost of sales includes payment processing charges, software royalties and local betting taxes, and value added taxes where the Group has a liability.

Contribution increased by 10% to €135.4 million, and a constant contribution margin percentage of 55% was achieved (2014: 55%).

EXPENDITURE

In the context of a growing business, absolute costs have increased from €74.1 million to €81.3 million, with cost ratios as a percentage of Total NGR remaining flat at 60%. Staff cost ratios remained broadly level at 19.6% from 19.2%, with 34% of staff costs (2014: 32%) being performance related – chiefly based on Group dividend payments. This should be seen in the context of €34.3 million of dividends paid in 2015, an increase of 2% on the €33.6 million paid in 2014.

Table 3: The principal cash expenditures of the Group (excluding exceptional items) and their percentages

In €millions	2015	% of NGR	2014	% of NGR
Staff costs including performance pay	**48.5**	**19.6%**	43.1	19.2%
Technology and product content	**23.7**	**9.6%**	21.0	9.3%
Other costs	**9.1**	**3.6%**	10.0	4.5%
	81.3	**32.8%**	74.1	33.0%

CLEAN EBITDA

The Group aims to achieve a clean EBITDA margin of not less than 20%.

Clean EBITDA rose 10% to €54.1 million (2014: €49.2 million), and a 22% margin on NGR was achieved, in line with 2014.

NON-CASH ITEMS OF AN ACCOUNTING NATURE

Depreciation of Property, Plant and Equipment rose in the year to €0.9 million (2014: €0.7 million) on total acquisitions of €1.2 million.

Amortisation of Intangible Assets increased to €4.1 million (2014: €3.2 million) driven by the €5.0 million acquisition of additional software and software development costs to further strengthen our mobile and tablet offering.

Finance charges increased by €0.6m this year, driven by €1.2m effective interest on the €20.0 million loan drawn down in September 2015 from Cerberus. Other finance charges included an imputed cost (as per IAS 39) on the interest free loan from William Hill of €0.2 million (2014: €0.2m); €0.1 million (2014: €0.7 million) on the unwinding of the discount on the deferred consideration arising from the 2009 acquisition of Betboo; €0.6 million on the retranslation of the GBP denominated William Hill loan and leased software assets (2014: €0.6 million) and €0.1 million (2014: €0.1 million) in respect of finance charges on leased software assets.

Share option charges amounted to €0.5 million (2014: €0.8 million). The charge for 2015 represented the ongoing charges arising from the share options awarded and announced on 2 June 2014, net of adjustments for movements in the fair value of cash settled options and share options forfeited by an employee leaving. At the year end, the Group had 3.3 million share options granted to directors and officers (5.4% of the existing issued share capital although its permitted allocation was 16.8% of the issued share capital (page 354 of the January 2013 prospectus)). During the year, directors surrendered 3,200,000 fully vested share options and were awarded associated cash settlements of €12.2 million, which has been recognised as a deduction from equity. These cash payments were to be made over a two year period, but were subsequently put on hold pending the outcome of the bwin.party acquisition. These were fully settled on 1 February 2016, and re-invested into new shares as part of the placing of shares on completion of the bwin.party deal.

Betit and other revaluations: In accordance with IAS 39 'Financial Instruments: Recognition and Measurement', the Group recognises the option to acquire further shares in both Betit and Winunited (a B2B contract entered into in March 2015) at their fair value, and also revalues the investment in Betit which is recognised as an available-for-sale (AFS) asset. Betit underperformed against its previous forecast provided by the Betit management, which decreases the expected value of the asset but also decreases the expected cost of the options. The call/put options with Betit now have a net liability of €0.7 million (2014: €1.7 million), and the AFS asset has decreased in value by €1.2 million, from a value of €3.8 million in 2014. The movement on Betit is therefore a net cost of €0.2 million. The Winunited option was valued at €3.8 million, which represents a gain of €3.8 million. Overall, the revaluations result in a net credit to the Income Statement of €3.6 million.

EXCEPTIONAL ITEMS

During 2015, the Group incurred €24.5 million of exceptional costs. Of this, €23.0 million related to deal costs on the acquisition of bwin.party and consisted mainly of legal and professional fees and the cost of taking out a Euro/GBP hedge.

As part of the requirements for the acquisition of bwin.party, GVC had to "cash-confirm" that it had sufficient GBP funds to meet the obligations of the acquisition; namely 25p in cash per bwin.party share. As the loan facility from Cerberus was denominated in Euro, an American style call option was purchased for €5.3 million on 4 September 2015 to sell €365,000,000 and purchase £256,138,750 (a rate of £1:€1.4250). The counterparty to this trade was Nomura.

On 18 December 2015, it was decided to terminate this option and replace its cash-confirmation obligations with a "flexible-forward", a forward contract with option components. Entering into this transaction resulted in a refund of €5.6 million and a new sale of €365,000,000 and purchase of £260,719,500 (a rate of £1:€1.400).

By 31 December, foreign exchange rates had moved and the rate used by GVC for the translation of its GBP current assets and current liabilities was £1:€1.36249, whilst the effective rate behind the valuation of the GBP obligation under the flexible forward was €1.3621. This resulted in a revaluation charge of €9.9 million shown as a forward contract liability. This is shown in more detail in the tables below:

Table 4: forward contract movements

Details	Paid €000s	Received €000s	P&L €000s	Balance at 31.12.15 €000s
Arrangement cashflows	(5,329)	5,675	346	–
Arrangement valuations	–	–	(9,877)	(9,877)
	(5,329)	5,675	(9,531)	(9,877)

Euro sale under flexible forward	€365,000,000
Rate	€1.4000
GBP purchase under flexible forward	£260,719,500
Implicit rate in valuation	€1.3621
Revaluation	€355,123,000
Valuation expense	€9,877,000

EARNINGS PER SHARE

Table 5: Earnings per share

Basic EPS:	before exceptional items	80.2 €cents (2014: 66.4 €cents)
	after exceptional items	40.2 €cents (2014: 66.4 €cents)
Diluted EPS:	before exceptional items	76.4 €cents (2014: 61.4 €cents)
	after exceptional items	38.3 €cents (2014: 61.4 €cents)

The diluted EPS is affected by two components: grants of share options granted to employees and directors, and warrants granted to third parties pursuant to underwriting arrangements entered into in contemplation of the Sportingbet acquisition which completed in March 2013.

DIVIDENDS

Table 6: History of dividends paid and declared since 1 July 2014

Declaration date	Fiscal year 2014 €cents	Fiscal year 2015 €cents	Paid 2015 €cents	Payable 2016 €cents
15 July 2014	12.5	–	–	–
22 September 2014	15.0	–	–	–
12 January 2015	12.5	–	12.5	–
20 March 2015	15.5	–	15.5	–
8 July 2015	–	14.0	14.0	–
8 October 2015	–	14.0	14.0	–
	55.5	28.0	56.0	–

Up until the announcement of its bid for bwin.party in November 2015, the Group was committed to paying dividends on a quarterly basis and paying a cash amount broadly equivalent to 75% of its Clean Net Operating Cashflows, taking into account an assessment of its working capital needs. The actual percentages were 65% in 2015 and 79% in 2014. Details of the Clean Net Operating Cashflow calculation are included in table 7 below.

On 4 September 2015, the Company announced a dividend holiday in the calendar year 2016 as a result of the impending acquisition of bwin.party and the consequential combination of debt covenants that will be applicable and the intended restructuring of the Group.

SUMMARISED CASHFLOW

The Group's cashflow position for 2015 is summarised below:

Table 7: Summarised cashflow

	€000's	2015 €000's	€000's	2014 €000's
Clean EBITDA		**54,077**		**49,162**
Exceptional items (non-acquisition related)		(1,475)		–
Capitalised software development		(5,003)		(3,343)
Net payment of corporate taxes		(657)		(508)
Equipment purchased		(1,156)		(802)
Asset lease repayments		(1,768)		(1,149)
Working capital and other movements		8,916		(742)
CLEAN NET OPERATING CASHFLOWS ('CNOC')		**52,934**		**42,618**
Dividends paid		**(34,319)**		**(33,607)**
Dividends as a % of CNOC		**65%**		**79%**
OTHER CASHFLOWS				
– Betboo earn-outs		(2,401)		(4,339)
– Investment in Betit		–		(3,649)
– Proceeds from exercise of share options		–		854
– Settlement of share options		(509)		–
– Sportingbet: William Hill loan instalments		(3,245)		(2,856)
ACQUISITION CASHFLOWS: bwin.party				
– Cerberus drawdown	20,000		–	
– Cerberus financing costs	(7,025)		–	
– Cerberus legal fees	(1,950)		–	
– Other legal and professional fees	(13,490)		–	
– Option payment	(5,329)		–	
– Hedge receipts	5,675		–	
		(2,119)		–
		10,341		**(979)**
Cash and cash equivalents at the beginning of the year		17,829		18,808
Cash and cash equivalents at the end of the year		**28,170**		**17,829**
Amount, in €cents per share		**46.0**		**29.1**

SUMMARISED BALANCE SHEET AND LIQUIDITY

The net position is affected by the timing of the dividend payments, which totalled €34.3 million during 2015 (2014: €33.6 million). Such is the strategy of the Group towards its dividend payments that GVC aimed to keep its Net Current Assets relatively equal to its Net Current Liabilities, but ensuring at all times that its balances with customers are covered and meet regulatory requirements.

Table 8: Balance Sheet and Customer liquidity position as at 31 December 2015

	€000's	Balance sheet €000's	Customer liquidity coverage €000's
Non-current assets		159,166	
Balances with payment processors		21,708	21,708
Prepayments – deal related	7,651		
Prepayments – other	3,888		
		11,539	
Restricted cash*	6,838		
Free cash	21,332		
		28,170	28,170
Trade and other payables		(32,016)	
Balances with customers		(14,808)	(14,808)
Loans and leases: current	(3,711)		
Loans and leases: non-current – deal related	(19,821)		
		(23,532)	
Forward contract – deal related		(9,877)	
Share option liability: current	(9,740)		
Share option liability: non-current	(2,036)		
		(11,776)	
Option liability: non-current		(736)	
Other net current assets		286	
Total		128,124	35,070

** Restricted cash refers to balances at banks where the cash has to be ring-fenced for regulatory reasons.*

NON-CURRENT LIABILITIES

These consist of three principal items: the initial loan draw down from Cerberus; share option liabilities due in 2017; and the Betit put option.

a.) Loan from Cerberus: initial draw down

On 4 September 2015, the Group drew down €20.0 million of its €400.0 million facility with Cerberus. The initial drawdown was utilised to pay for professional fees and upfront loan costs, including a foreign currency option for converting the loan receipts into GBP in order to settle the acquisition price for bwin.party and associated costs. The effective interest rate has been calculated based on anticipated costs including loan arrangement and drawdown fees, ongoing interest payments, and other amounts payable during the period of the loan. The loan is repayable in full by 4 September 2017.

b.) Share option liability

During the year, directors surrendered 3,200,000 fully vested share options and were awarded associated cash settlements of €12.2 million, which has been recognised as a deduction from equity. These cash payments were to be made over a two year period, but were subsequently put on hold pending the outcome of the bwin.party acquisition, and have been fully settled following completion of the acquisition. At the year end, one payment had been made, on an "on account" basis, and the liability, which is denominated in GBP, was restated in Euros. The balance at 31 December 2015 was €11.7 million, of which €9.7 million was a current liability and €2.0 million was non-current, based on the original payment schedules.

c.) Betit option liability

In accordance with the requirements of IAS 39, the options embedded in the Betit contract are required to be measured at fair value and recognised in the Statement of Financial Position. Based on the valuation at 31 December 2015, the net liability is now €0.7 million, reduced from €1.7 million at 31 December 2014. The options are potentially exercisable, subject to certain conditions, between 1 July 2017 and 30 September 2017.

SUMMARY OF MOVEMENTS IN THE STATEMENT OF FINANCIAL POSITION

A bridge between the 2014 and 2015 financial position is shown below in table 9:

Table 9: Statement of financial position bridge

		Total €000's
At 1 January 2015		149,458
Profit before tax	25,506	
Tax charge	(847)	
		24,659
Share based payment charges on equity settled options		509
Share options surrendered		(12,183)
Dividends paid		(34,319)
At 31 December 2015		**128,124**

No share options were exercised during the year and no shares were issued.

CURRENCY EXPOSURES

During the year, the charge to Operating Costs within the Income Statement from realised and unrealised foreign exchange was €1.0 million. In addition the William Hill loan is denominated in Sterling (£4.6 million at 1 January 2015) and incurred an unrealised loss of €0.5 million included within Financial Expenses. Also included within Financial Expenses are the foreign exchange differences arising on the finance leases. Many non-Euro currencies are handled by the Group's payment processing intermediaries up-front.

Additionally, the Net Current Assets of the Group are revalued each month at month-end exchange rates and this also results in exchange gains and losses. The principal revaluations are for customer liabilities, although these are now largely currency matched to produce a natural hedge.

In anticipation of the bwin.party acquisition, the Group entered into a foreign currency option in order to enable the Euro-denominated Cerberus loan to be converted into GBP for the purchase of shares and the settlement of associated costs incurred in GBP. This instrument has been stated at fair value at 31 December 2015.

Key foreign exchange rates are shown in the table below:

Table 10: Currency rates against the Euro

	1 Jan 2014	30 Jun 2014	31 Dec 2014	30 Jun 2015	31 Dec 2015	Average 2014	Average 2015
UK (GBP)	0.831	0.802	0.779	0.711	0.734	0.803	0.724
Brazil (BRL)	3.254	3.000	3.224	3.470	4.312	3.110	3.710
Turkey (TRY)	2.959	2.897	2.829	2.995	3.177	2.894	3.031
Israel (ILS)	4.775	4.695	4.720	4.207	4.248	4.739	4.308

As the Group's operations result in a currency mis-match between income and costs (long Euro, short GBP), the Group is retaining a significant GBP bank balance which will of course be subject to foreign exchange revaluation at each balance sheet date.

CERBERUS LOAN FACILITY

The senior loan facility from Cerberus Business Finance LLC has a number of components other than simple interest and therefore there are significant differences between the cash profile of the payments and the accounting recognition. Firstly the deal and associated fees need to be allocated to each portion of the draw-down; secondly, they need to be expensed over the two year period of the loan facility. The simple interest on the loan is 11.5% above a 1% EURIBOR floor. This floor has been identified as an "embedded derivative", which is not material at 31 December 2015 in respect of the initial draw-down and will be evaluated again when the second tranche is drawn down in 2016. The tables below show each of the fee components, how they are allocated and in which year the charges would arise.

Table 11: Allocation of the fees to each draw-down

	Fee %	Initial 4 Sept 2015 €000's	Final 2 Feb 2016 €000's	Total €000's
Principal amount		20,000	380,000	400,000
Facility fee	1.0%	200	3,800	4,000
Draw-down fee	2.0%	400	7,600	8,000
Extension fee	0.5%	–	2,000	2,000
Anniversary fee*	1.0%	200	3,800	4,000
18 month fee*	2.5%	500	9,500	10,000
Exit fee	3.0%	600	11,400	12,000
Legal fees		98	1,853	1,950
Total arrangement fees		**1,998**	**39,953**	**41,950**

** these items are required to be accounted for in 2015 whether or not the loan remains in place at 2 February 2017 or 2 August 2017.*

Table 12: Accounting allocation and cash profile (assuming the loan reaches maturity on 4 September 2017)

	Fee %	2015 €000's	2016 €000's	2017 €000's	Total €000's
Accounting allocation					
Facility fee	1.0%	33	2,288	1,679	4,000
Draw-down fee	2.0%	65	4,577	3,358	8,000
Extension fee	0.5%	–	1,152	848	2,000
Anniversary fee	1.0%	33	2,288	1,679	4,000
18 month fee	2.5%	81	5,721	4,198	10,000
Exit fee	3.0%	98	6,865	5,037	12,000
Legal fees		16	1,116	819	1,950
Total arrangement fees		325	24,007	17,618	41,950
Maintenance fees	€100k/qtr	100	400	232	733
Interest	12.5%	819	46,611	34,174	81,604
Total anticipated finance charge		**1,245**	**71,018**	**52,024**	**124,287**
Cash profile					
Fees		8,479	8,000	26,203	42,683
Interest		625	38,653	42,326	81,604
		9,104	**46,653**	**68,530**	**124,287**

Table 13: Loan components in 2015

	Borrowed in year €000's	Payments in year €000's	Interest charge €000's	Prepaid €000's	Total €000's
Principal amount	20,000	–	–	–	20,000
Fees	–	(8,479)	426	7,680	(373)
Interest	–	(625)	819	–	194
	20,000	**(9,104)**	**1,245**	**7,680**	**19,821**
			Note 4	*Included in note 11*	*Note 14.1*

PART TWO – POST BALANCE SHEET EVENT: THE ACQUISITION OF BWIN.PARTY

The acquisition of bwin.party completed on 1 February 2016. The GVC share price used to account for the acquisition will be £4.67, the closing middle market price of a GVC share on the trading day prior to the making of the offer. The share price at which the related £150 million placing of new ordinary shares was effected and the strike price at which share options were issued pursuant to the 2015 LTIP was 422p. The rate of exchange between sterling and the Euro used for the acquisition accounting will be £1 = €1.3205.

The number of bwin.party shares subject to the mix and match election was 843,469,689, and the number of shares placed by GVC was 35,545,024. The offer for bwin.party was 0.231 GVC shares and 25 pence for each bwin.party share. In addition, there was the cost of cashing out the cash-settled options of £21.4 million.

The gross acquisition value of bwin.party is therefore:

Equity component	843,469,689 x 0.231 = 194,841,498 shares at £4.67 =	£909.9m	
		+	
Cash component	843,469,689 x 0.25 =	£210.9m	
		+	
Option component		£21.4m	
		£1,142.2m@ 1.3205 = €1,508.2m	

Our early work on the acquisition balance sheet suggests a purchase price allocation of €608 million for the brand, platform and customer relationships.

The acquisition, plus additional working capital, and funds to settle inherited debts and pay acquisition costs was financed through a combination of:

Shares issued to bwin.party shareholders			£909.9m
Shares issued to placees			£150.0m
Total GBP components			£1,059.9m
Translated into Euro at 1.3205			€1,399.6m
Senior debt facility from Cerberus Business Finance LLC			€400.0m
Total finance raised			€1,799.6m
Less:			
Share and cash offer to bwin.party share and option holder			(€1,508.2m)
Existing bwin.party debt discharged*			(€56.7m)
Deal costs	Bwin.party	GVC	
– Discharged before 31 December 2015	€4.2m	€13.5m	
– Discharged since 1 January 2016	€8.8m	€16.9m	
			(€43.4m)
Other liabilities contractually discharged at or near deal close			(€3.2m)
FUNDS AVAILABLE FOR WORKING CAPITAL AND RESTRUCTURING			**€188.1m**

** includes any and all amounts repaid since 31 December 2015 including any interest and break fees.*

I can now turn to the condensed aggregated balance sheet, income statement and cash flow statement of the combined entities as they would have looked for the year ended 31 December 2015, making adjustments for the businesses which bwin.party disposed of during 2015.

The aggregated statements do not reflect the accounting for the business combination, whereby assets and liabilities acquired will be fair valued, and goodwill will be recognised by the Group, nor the funding for the acquisition, with consequential impacts on the income statement. Please note that the aggregated balance sheet, income statement and cash flow statement have not been prepared on the same basis as the Unaudited Pro Forma Financial Information of the Enlarged Group included in Part 7 of the Prospectus prepared by GVC in connection with the bwin.party acquisition.

The figures of GVC Group have been aggregated with the bwin.party figures which have been audited by their independent auditors.

A balance sheet prepared as an aggregation of the enlarged Group at 31 December 2015 is shown below:

AGGREGATED BALANCE SHEET

As at 31 December 2015 € millions	Bwin (audited)	GVC	Aggregated (Unaudited)
Non-current assets			
Intangible assets	512.3	155.1	**667.4**
Property plant and equipment	48.6	1.4	**50.0**
Available for sale financial assets	3.7	2.6	**6.3**
Other investments	1.1	–	**1.1**
Deferred consideration receivable	6.4	–	**6.4**
Deferred tax	2.0	–	**2.0**
	574.1	**159.1**	**733.2**
Current assets			
*Cash, cash equivalents and short-term investments	166.4	28.2	**194.6**
*Payment processor balances	30.9	21.7	**52.6**
Deferred consideration receivable	6.0	–	**6.0**
Assets held for sale	14.5	3.8	**18.3**
Income taxes receivable	–	6.0	**6.0**
Other receivables and prepayments	63.4	12.9	**76.3**
	281.2	**72.6**	**353.8**
Current liabilities			
*Customer liabilities	(106.3)	(14.8)	**(121.1)**
*Progressive prize pools	(8.6)	–	**(8.6)**
Accrued deal costs	–	–	**–**
Trade and other payables	(110.2)	(32.0)	**(142.2)**
Income and gaming taxes payable	(34.7)	(9.3)	**(44.0)**
Hedging instrument liability	–	(9.9)	**(9.9)**
Share option liability	–	(9.7)	**(9.7)**
*Loans and borrowings	(6.8)	(3.7)	**(10.5)**
Provision for onerous contracts	(8.1)	–	**(8.1)**
Contingent consideration payable	(0.8)	(1.6)	**(2.4)**
	(275.5)	**(81.0)**	**(356.5)**
Non-current liabilities			
Contingent consideration payable and similar	(4.4)	(0.7)	**(5.1)**
*Loans and borrowings	(49.7)	(19.8)	**(69.5)**
Share option liability	–	(2.1)	**(2.1)**
Deferred tax	(26.1)	–	**(26.1)**
	(80.2)	**(22.6)**	**(102.8)**
Total net current assets	5.7	(8.4)	**(2.7)**
Total of net current assets less non-current liabilities	(74.5)	(31.0)	**(105.5)**
Total net assets	**499.6**	**128.1**	**627.7**
***Net cash/(net debt)**	25.9	11.6	**37.5**

There are a number of liabilities which are split between current and non-current. The table below summarises these:

As at 31 December 2015 € million	Bwin (audited)	GVC	Aggregated (Unaudited)
Memorandum: total of deferred consideration payable	(5.2)	(2.3)	**(7.5)**
Memorandum: total of loans and indebtedness	(56.5)	(23.5)	**(80.0)**
Memorandum: share option liability discharged on acquisition	–	(11.8)	**(11.8)**

An Income statement, aggregated as if bwin.party had been acquired on 1 January 2015, would appear as below:

AGGREGATED INCOME STATEMENT

Year ended 31 December 2015

€ millions	Bwin	Disposals	Re-classification	Bwin restated	GVC	Aggregated (Unaudited)
Sports wagers	2,708.5			2,708.5	1,683.0	**4,391.5**
Sports margin %	9.02%			9.02%	9.16%	**9.07%**
Sports margin	244.3			244.3	154.1	**398.4**
Sports NGR	220.6			220.6	113.9	**334.5**
Gaming	355.8	(14.3)	–	341.5	133.8	**475.3**
TOTAL REVENUES	576.4	(14.3)	–	562.1	247.7	**809.8**
Variable costs	(278.8)	7.0	–	(271.8)	(112.3)	**(384.1)**
Contribution	297.6	(7.3)	–	290.3	135.4	**425.7**
Contribution %	51.6%	51.0%	–	51.6%	54.6%	**52.6%**
Expenditure	(189.1)	5.2	3.0	(180.9)	(81.3)	**(262.2)**
Clean EBITDA	**108.5**	**(2.1)**	**3.0**	**109.4**	**54.1**	**163.5**
Deal costs and similar*	(25.3)			(25.3)	(23.3)	**(48.6)**
Other exceptional items*	(9.8)			(9.8)	–	**(9.8)**
Retrospective gaming taxes*	(8.9)			(8.9)	(1.2)	**(10.1)**
Net financial income/(expense)	1.4	–	(3.0)	(1.6)	(2.3)	**(3.9)**
Depreciation, Amortisation	(68.0)			(68.0)	(5.0)	**(73.0)**
Impairments and similar items	(7.9)			(7.9)	3.6	**(4.3)**
Share option charges	(33.2)			(33.2)	(0.4)	**(33.6)**
Other costs	3.0			3.0	–	**3.0**
Profit before tax	**(40.2)**	**(2.1)**	**–**	**(42.3)**	**25.5**	**(16.8)**
Taxation	(4.2)			(4.2)	(0.8)	**(5.0)**
Profit/(loss) for the year	(44.4)	(2.1)	–	(46.5)	24.7	**(21.8)**
Normalised profit for the year (* added back)						**46.7**

A cash flow, aggregated as if bwin.party had been acquired on 1 January 2015, would appear as below:

AGGREGATED CASH FLOW

Year ended 31 December 2015

€ millions	Bwin	Disposals	Re-classification	Bwin restated	GVC	Aggregated (Unaudited)
Clean EBITDA	**108.5**	**(2.1)**	**3.0**	**109.4**	**54.1**	**163.5**
Plant and equipment	(38.3)			(38.3)	(1.2)	**(39.5)**
Capitalised development costs	(19.4)			(19.4)	(5.0)	**(24.4)**
Exceptional items incurred in cash	–			–	(1.5)	**(1.5)**
Debt & Lease repayments	(3.6)			(3.6)	(5.0)	**(8.6)**
Investments made and similar	2.8			2.8	–	**2.8**
Earn-out repayments				–	(2.4)	**(2.4)**
Cash settled share options				–	(0.5)	**(0.5)**
Loans drawn down (gross)				–	20.0	**20.0**
Draw down fees, interest and legal expenses				–	(9.0)	**(9.0)**
Other deal related professional fees				–	(13.5)	**(13.5)**
FX option premium paid, less return of premium received				–	0.3	**0.3**
Net finance expenses	(0.8)			(0.8)	–	**(0.8)**
Net payment of taxes	(8.2)			(8.2)	–	**(8.2)**
Net issue of shares	0.2			0.2	–	**0.2**
Working capital movements	(10.1)			(10.1)	8.4	**(1.7)**
Cash movement for the year before dividend	31.1	(2.1)	3.0	32.0	44.7	**76.7**
Dividend paid	(43.2)			(43.2)	(34.3)	**(77.5)**
Cash movement for year	(12.1)	(2.1)	3.0	(11.2)	10.4	**(0.8)**
Cash at start of year	164.4	–	13.5	177.9	17.8	**195.7**
Cash at end of year	152.3	(2.1)	16.5	166.7	28.2	**194.9**
Clean net operating cash flow	31.7	–	–	31.7	52.9	**84.6**

Future trading updates and financial calendar

It is anticipated that GVC will make further announcements on or around the following dates:

W/c 25 April 2016	– Publication of Report and Accounts on the Company's website, www.gvc-plc.com
30 April 2016	– Posting of Report and Accounts and Notice of AGM
24 May 2016	– AGM trading update, Result of AGM
July 2016	– H1 trading update
September 2016	– Interim results

Richard Cooper
Group Finance Director
22 April 2016

PRINCIPAL RISKS AND UNCERTAINTIES

There are a number of potential risks and uncertainties which could have a material impact on the Group's future performance. To mitigate against these risks, the Group conducts a continuous process of assessments that examine whether any risk has increased, decreased or become obsolete; identify new risks; and evaluate the likelihood of each risk occurring and the impact it would have on the Group.

The key risks and how we seek to manage them are set out below:

Risks and uncertainties	Mitigation
Technology The Group may be threatened by Denial of Service attacks or similar.	The Group has highly advanced preventative measures with world-class technology firms.
Natural or man-made disasters may affect continuity of operations, undermining player confidence.	Disaster recovery and business continuity solutions are in place and tested regularly.
With technological advances and continuous shifts in how consumers access our services, maintaining and improving technology may become more complex.	Focus on developing customer experience, for example through an expanded mobile offering.
Following the acquisition of bwin.party, the Group is undertaking a significant technology platform migration, which carries a project risk.	Close monitoring by management; reporting up to the Board regularly.
Regulatory Conflict between jurisdictions in which the customer resides and where the service is provided; risk of enforcement action.	Strict adherence to the laws of the jurisdiction in which the service is provided and the rules and protocols in nationally regulated markets.
In some markets regulation is not clearly defined or adopted; there may be changes in regulation in all markets.	Close monitoring of regulatory developments and assessment of their longer term impact. Maintenance of a diversified product portfolio.
Taxation Imposition of additional gaming or other indirect taxes.	May not be possible to mitigate. However, payment of additional taxes may create opportunities to work with governments and gain market benefits.
Transfer pricing between group entities could be challenged by the tax authorities.	Intra-group transactions are documented and take place on commercial terms. Regular review of all tax arrangements and update transfer pricing when required.
Changes in VAT rules within the EU impacting the digital economy.	Monitor the situation, as significant uncertainty remains.
Economic Conditions in the Eurozone remain challenging and this may erode customer base confidence and spending power.	Customer retention programmes. Broader geographic spread of products.
Foreign exchange movements; risk of certain countries exiting the Euro.	The Group tries to match its income and cost exposures to create a natural hedge. Regular evaluation of low cost hedging opportunities. Wherever practical, financial assets held within certain countries are limited so they do not exceed the financial liabilities in that jurisdiction.

Risks and uncertainties	Mitigation
Economic (continued) Brexit: if the outcome of the June referendum is that the UK leaves the EU, this may increase the volatility of global currency and financial markets. In addition, it may reduce the Group's ability to operate in certain EU markets without a change in domiciliation, which could carry a higher tax burden.	Monitor the situation. The Group has licences in a number of EU countries including: Malta, Denmark, Italy, France, Romania, Greece, Germany, as well as licences in the Brexit zone (UK, Gibraltar).
Financial Increases in EURIBOR will increase the interest cost for the Group. The loan arrangements contain covenants which, if breached, would trigger early repayment of the facility.	Maintenance of cash headroom mitigates some interest rate risk and provides flexibility of early repayment. Covenants are monitored on a monthly basis.
Operational The market place becomes more competitive via new entrants or more attractive products available from those or existing competitors.	Monitoring of the competitive landscape. Working with software providers to enhance the product offering.
Withdrawal of payment processing facilities.	Multiple payment processing methods used by the Group.
Reliance on third party payment and multi-currency processing systems.	Spreading of risk across payment processors with varying deposit and withdrawal methods.
Dependence on third party software.	Long-term contracts in place with key suppliers.
Dependence on key personnel.	There is a broad base of executives below Board level which has been strengthened with recent joiners.
Loss of major introducer of business.	Competitive revenue sharing models applied and monitored regularly. Key introducers are offered long-term revenue prospects with the Group to ensure alignment of financial interests.
Loss of major customer.	Highly diversified customer base with thousands of customers across all brands.
Poor sports results.	Sports represents c.50% of the Group's net gaming revenue and as a matter of policy they are not hedged as over the longer term sports results trend to the Group's expected margin percentage.
Abnormal jackpot wins.	Revenues from some business lines have a jackpot insurance policy; others do not, as a matter of policy.
Business integration process following the acquisition of bwin.party: risk of business disruption and the impact on staff; risk of unexpected costs or constraints on delivering expected synergies.	Regular monitoring by management.

REPORT OF THE REMUNERATION COMMITTEE

Remuneration Committee

During the year, the Remuneration Committee was comprised of the two Non-Executive Directors and was chaired by Karl Diacono. The Committee determines the remuneration packages of the Executive Directors and other senior management, and is required by the Board to review the bonus arrangements of any employee or consultant to the Group. The Committee meets at least twice a year. The current members of the committee are shown on page 3.

1. Group Remuneration Policy

In accordance with its remit, the Committee's policy is to determine the remuneration packages of the Executive Directors and other senior management in order to ensure that the relevant individuals are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company.

2. Remuneration Package

The remuneration package comprises basic salary and benefits, annual bonus and long term incentive arrangements. The Executive Directors and senior management are remunerated using the policy described below.

2.1 Basic Salary and Benefits

Basic salary is set for each individual based on individual achievement of objectives and following the consideration of compensation information for other companies in the e-gaming industry, both quoted and unquoted. The Executive Directors are also entitled to health and life cover.

2.2 Pension

The Group did not operate a pension plan for the Executive Directors or senior management in 2015 or 2014.

2.3 Bonus Arrangements

Bonus scheme arrangements are in place for all members of staff, including the Executive Directors. The staff bonuses are based on individual performance and the Executive Directors linked to the performance of the Group as detailed below.

The Remuneration Committee, after consulting with shareholders, has decided that Executive Directors' annual bonuses should be linked directly to the dividends paid by the Company. Accordingly, Kenneth Alexander, Richard Cooper and Lee Feldman had a bonus entitlement each year equal to the dividends that would have been paid by the Company to that Director in the relevant period in respect of the GVC Holdings shares subject to unexercised awards granted and exercisable under the scheme to that Director, as if those awards had already been exercised (and the GVC Holdings shares issued) at the record date for payment of the relevant dividend. Other bonuses are awarded based on the dividend paid in each fiscal year exceeding certain targets.

3. Directors' Emoluments Summary

	Salary/Fees	Bonus*	Pension	Benefits in Kind***	**Total 2015**	Total 2014
	€	€	€	€	**€**	€
Executive Directors						
K Alexander	1,052,194	3,630,747	–	2,508	**4,685,449**	4,430,489
R Cooper	555,919	1,866,325	–	3,411	**2,425,655**	2,288,890
	1,608,113	5,497,072	–	5,919	**7,111,104**	6,719,379
Non-Executive Directors						
L Feldman	178,693	1,486,879	–	–	**1,665,572**	1,549,560
N Blythe-Tinker**	–	–	–	–	**–**	291,795
K Diacono	69,000	69,000	–	–	**138,000**	138,000
	1,855,806	7,052,951	–	5,919	**8,914,676**	8,698,734

* *see bonus detail on page 30*

** *stepped down from the Board on 17 January 2014*

*** *principally family healthcare*

4. Bonus

	Total 2015 €	Total 2014 €
Executive Directors		
K Alexander	**3,630,747**	3,496,827
R Cooper	**1,866,325**	1,793,821
Non-Executive Directors		
L Feldman	**1,486,879**	1,391,524
N Blythe-Tinker	**–**	167,103
K Diacono	**69,000**	69,000
	7,052,951	6,918,275

	K Alexander	R Cooper	L Feldman	K Diacono
Share option base	1,600,000	800,000	800,000	–
Dividend per share	€0.56	€0.56	€0.56	
Dividend bonus (note 4.1)	€896,000	€448,000	€448,000	–
Dividend pool bonus (note 4.2)	€1,715,741	€857,871	€857,871	–
Dividend target bonus (note 4.3)	€1,019,006	€560,454	€181,008	€69,000
	€3,630,747	€1,866,325	€1,486,879	€69,000

4.1 Dividend Bonus

The share options granted to directors in May 2010 and June 2012 attracted a bonus calculated by reference to the number of options held and the dividends per share declared. Following the surrender of those options, the dividend bonuses continued to be paid under the 2015 Retention Plan, as set out in note 6.4 below.

4.2 Dividend Pool Bonus

Providing that dividends paid in a fiscal year exceed 35.99 €cents per share, 10% of the total dividend cost (2015: €34,314,828) was awarded to the directors in the ratio: K Alexander 5%; R Cooper 2.5%, L Feldman 2.5%. This scheme was fully disclosed on page 354 of the prospectus published by the Group on 25 January 2013.

4.3 Dividend Target Bonus

Providing that dividends exceed 54.99 €cents per share in a fiscal year, the directors were entitled to receive 100% of their base salary/fees. This bonus scheme was approved by the Remuneration Committee on 13 December 2013. Differences between the bonus paid and the salary/fees disclosed on page 29 relate to foreign exchange differences and certain allowances that are not included in base salary.

5. Directors' Service and Consultancy Agreements

	Date appointed	Arrangement	Notice period by either party
Executive Directors			
K Alexander	19 April 2010	Service contract	12 Months*
R Cooper	19 April 2010	Service contract	12 Months*
Non-Executive Directors			
L Feldman	19 April 2010	Letter of appointment	12 months*
K Diacono	19 April 2010	Letter of appointment	12 months
N Teufelberger	2 February 2016	Letter of appointment: 2 year period	Remaining period
S Morana	2 February 2016	Letter of appointment: 3 year period	Remaining period
P Isola	2 February 2016	Letter of appointment: 3 year period	Remaining period

* *If either of the executive directors or the chairman either resign for good reason or are given notice without cause, employment can terminate seven days later and the director would be entitled to a settlement based upon two years basic salary (or fee in the case of the chairman) and two years bonus.*

6. Long-term Incentive Schemes

The Group operated four schemes during the year. The participants of the schemes include Executive Directors and Senior Management.

6.1) 21 May 2010 Scheme

Following a vote by shareholders in an Extraordinary General Meeting held in Luxembourg on the 21 May 2010 the Group introduced a new scheme and made an initial award to the Executive Directors and certain Senior Management. The awards will normally be exercisable up to ten years from the date of grant at the end of which period they will lapse. During 2015, the directors surrendered their options under this scheme.

6.2) 16 November 2011 scheme

On 16 November 2011, shareholders approved the grant of additional share options with the same rights as the 21 May 2010 scheme to three directors. These share options were granted at an exercise price of 154.79p being a 20% premium to the average mid-market closing price over the period from 17 November 2011 to 28 January 2012. During 2015, the directors surrendered their options under this scheme.

6.3) 2 June 2014 awards

The awards will vest in full (and become exercisable) on the share price being equal to or exceeding £6.00 per share for a continuous period of 90 calendar days at any time from the date of grant. If there is a change of control, the awards will vest in full immediately unless the share price is less than £5.00 per share, in which case the Awards will lapse in full. The awards have been treated as vesting over a 3 year period. Of the awards granted on 2 June 2014, 350,000 were issued as cash settled options under the same terms as the equity settled awards, as an equity settled award would have triggered an immediate personal tax liability on L Feldman as a US citizen and tax resident.

6.4) 27 March 2015 awards

In light of the surrender of share options granted under the 2010 and 2011 schemes, the Company implemented a new retention plan (the 'Retention Plan') for the senior team comprising K Alexander, R Cooper and L Feldman (the 'Senior Team'). The Retention Plan is focused on ensuring that the Senior Team are compensated for the surrender of their fully vested and "in the money" share options. Accordingly, each member of the Senior Team was entitled to receive cash payments which in total equal the value of their surrendered share options. Under the Retention Plan:

- Total cash payment due to each director were to be paid evenly over a period of two years.
- The directors' dividend bonuses derived from the share options will decrease in a straight-line over the 24 month period of the Retention Plan
- In the event a director's service is terminated by the Company for cause (as defined in their service agreement of letter of appointment) or he resigns during the two year period (other than due to serious illness or repudiatory breach by the Company of his service agreement), he will not be entitled to receive any further Retention Plan payments.
- All payments would become payable on a change of control of the Company.

During 2015, the first of the 24 monthly Retention Plan payments was made, but all subsequent payments were put on hold pending the outcome of the proposed deal with bwin.party.

Prior to the surrender of the vested share options, the Senior Team also received cash bonuses equal to the dividends that would have been paid to them had they exercised those options. To compensate them for the loss of this dividend credit, the Senior Team would continue to receive a cash payment at the time the dividends are paid, equal to the dividend they would have received had they exercised their share options. These notional shareholdings are treated as reducing over the two year period, in line with the cash payments set out above.

All and any plans in which the directors participated terminated on 1 February 2016 and were replaced with new arrangements the details of which were listed on pages 325 to 329 of the prospectus.

7. Directors' Share Options

	Scheme	Option price	Existing at 31 December 2014	Granted in the year	Surrendered in the year	Existing at 31 December 2015	Vested at 31 December 2015	Expiry date
Executive Directors								
K Alexander	21 May 2010	213p	800,000	–	(800,000)	**–**	–	20 May 2020
K Alexander	16 Nov 2011	154.79p	800,000	–	(800,000)	**–**	–	27 Jan 2022
K Alexander	2 June 2014	1p	1,400,000	–	–	**1,400,000**	–	31 Mar 2022
R Cooper	21 May 2010	213p	400,000	–	(400,000)	**–**	–	20 May 2020
R Cooper	16 Nov 2011	154.79p	400,000	–	(400,000)	**–**	–	27 Jan 2022
R Cooper	2 June 2014	1p	700,000	–	–	**700,000**	–	31 Mar 2022
Non-Executive Directors								
L Feldman	21 May 2010	213p	400,000	–	(400,000)	**–**	–	20 May 2020
L Feldman	16 Nov 2011	154.79p	400,000	–	(400,000)	**–**	–	27 Jan 2022
L Feldman	2 June 2014	1p	350,000	–	–	**350,000**	–	31 Mar 2022
Total			**5,650,000**	**–**	**(3,200,000)**	**2,450,000**	**–**	

The charge to the Consolidated Income Statement in respect of these options in 2015 was €314,000 (2014: €638,000).

8. Other Employees and Consultants

The majority of staff in the Group are also able to benefit financially from their endeavours through either a discretionary bonus scheme and/or Group share option plans.

The charge to the Consolidated Income Statement in respect of the options for other employees and consultants in 2015 was €135,000 (2014: €98,000).

The total share option charge to the consolidated Income Statement for the year ended 31 December was:

	2015 €	2014 €
Directors	**314,000**	638,000
Other staff	**135,000**	98,000
	449,000	736,000

9. Proposed changes to remuneration arrangements

As set out in the prospectus issued on 13 November 2015, the Company made an offer for bwin.party digital entertainment plc. Included within the prospectus were details of the proposed changes to the current arrangements for share options and Long Term Incentive Plans. Under these proposals, on completion of the acquisition in February 2016:

(a) Cash payments due under the Retention Plan were settled contemporaneously and re-invested into new GVC shares, with a lock up for a year from 1 February 2016;

(b) Existing share options held by the directors were cash cancelled on the basis of the value of a GVC share at the date of announcement of the acquisition, 422p, and the after-tax proceeds were contemporaneously re-invested in new GVC shares, also with a lock up for a year from 1 February 2016;

(c) A new Long-Term Incentive Plan (LTIP) was introduced under which options may be granted at an exercise price and with/without dividend equivalents, as determined by the Remuneration Committee.

Under the new LTIP, the following share options were granted on 3 February 2016:

	Granted 2 Feb 2016	**Exercise price**	**Vesting period**	**Performance conditions**
K Alexander	8,798,075	422p	2 years 6 months	Total shareholder return to rank at median or above in the FTSE 250, measured quarterly
R Cooper	4,399,037	422p	2 years 6 months	
L Feldman	4,399,037	467p	2 years 6 months	
N Teufelberger	200,000	422p	2 years	None

In addition, L Feldman will receive a cash bonus of £1,979,567 over a period of 2 years 6 months under the same performance conditions. This cash sum is the equivalent of the difference between the exercise price of £4.67 and the issue price of £4.22, applied to the quantity of share options which he was granted.

The options are entitled to a dividend equivalent and are exercisable up to ten years from the date of grant.

The dividend bonus scheme applicable in 2015 has been cancelled.

Karl Diacono
Chairman, Remuneration Committee
22 April 2016

DIRECTORS' REPORT

The Directors present their report for GVC Holdings PLC and the audited financial statements for the year ended 31 December 2015.

Principal Activities

GVC Holdings PLC is a multinational sports betting and gaming group. The Group operates some of the leading brands in the gaming sector including bwin, sporting bet, partypoker and Foxy Bingo. In addition the Group provides online gaming services on a business-to-business basis to a limited number of third party operators.

Results and Dividends

The profit for the year attributable to ordinary shareholders after taxation amounted to €24,659,000 (2014: profit of €40,563,000).

The Company is incorporated under the Isle of Man Companies Act 2006. This Act does not require the Company to have designated distributable reserves for the purpose of declaring a dividend. The Act requires the Directors to consider the solvency of the Company before making a dividend. A corollary of this is that the matter of dividends is not required to be put before General Meeting.

The Group's consolidated financial statements are set out on pages 46 to 87. For a more detailed review of the Group's result see the Report of the Chief Executive and the Report of the Group Finance Director.

Trading Review and Future Developments

The Directors are pleased with the Group's performance during 2015 and are confident that this performance will continue to improve during 2016 and beyond. In February 2016, the Group acquired bwin.party, one of Europe's leading online betting brands, for €1.5 billion.

For a detailed review of the trading performance and future developments of the Group see the Chairman's Statement, Report of the Chief Executive and the Report of the Group Finance Director.

Key Performance Indicators

For a more detailed review of the key performance indicators of the Group see the Report of the Chief Executive.

Directors and their Interests

The Directors of the Company and their interests in the Ordinary share capital of the Group are as follows:

Ordinary shares of €0.01 each in GVC Holdings PLC	22 April 2016	31 December 2015	31 December 2014
Executive Directors			
K Alexander	1,585,455	212,000	87,000
R Cooper	757,553	15,000	1,667
Non-Executive Directors			
L Feldman	702,169	185,957	122,575
K Diacono	–	–	–
S Morana	–	–	–
P Isola	–	–	–
N Teufelberger	2,755,264	–	–

The wife of K Alexander owned 313,333 Ordinary shares at 22 April 2016, 31 December 2015 and 31 December 2014.

The wife of R Cooper owned 335,000 Ordinary shares at 31 December 2015 and at 22 April 2016, and 325,000 Ordinary shares at 31 December 2014.

The Directors' shareholdings represent 2.2% (2014: 1.39%) of the voting shares of the Company.

Details of the Directors who have an interest in share options are disclosed in the Report of the Remuneration Committee.

Creditor Payment Policy

It is the Group's policy to agree terms of business with suppliers prior to the supply of goods and services.

Corporate Governance Statement

The Company was not required to comply with the UK Corporate Governance Code (the "Code") in 2015 as an AIM listed company, or more recently as a standard listed company. As previously publicly stated, however, the Company intends to apply for a premium listing on the London Stock Exchange later this year and as part of this process will explain how it complies with the Code.

Going Concern

The Group's business activities, together with the factors likely to affect its future performance and position are set out in the Chairman's, Chief Executive's and Group Finance Director's reports. Note 21 to the financial statements sets out the Group's financial risk management policies and its exposure to credit risk and liquidity risk including those arising from the Cerberus loan facility.

The Directors have assessed the financial and regulatory risks facing the business, and compared this risk assessment to the net current assets position and dividend policy. The Directors have also reviewed relationships with key suppliers and software providers and are satisfied that the appropriate contracts and contingency plans are in place. The Directors have prepared income statement and cash flow forecasts to assess whether the Group has adequate resources for the foreseeable future.

The Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the consolidated financial statements.

Statement of Directors' Responsibilities

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

Company law requires the Directors to keep reliable accounting records which allow financial statements to be prepared. In addition, the Directors have elected to prepare group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and applicable law, and have elected to prepare the parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice including FRS 101). The financial statements are required to 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 year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards and UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping reliable accounting records that 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 Isle of Man Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' responsibility statement under the Disclosure and Transparency Rules

Each of the Directors confirm that:

- to the best of their knowledge, the Group financial statements, which have been prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- to the best of their knowledge, the Company financial statements, prepared in accordance with FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company; and

- to the best of their knowledge, the reports of the Chief Executive and the Finance Director contained in the Annual Report include a fair review of the development and performance of the business.

In so far as the Directors are aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the Isle of Man and the UK Listing Rules governing preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

For and on behalf of the Board of GVC Holdings PLC.

Richard Cooper
Group Finance Director

Registered office: 32 Athol Street, Douglas, Isle of Man, IM1 1JB

IN THIS SECTION:

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GVC HOLDINGS PLC 41
CONSOLIDATED INCOME STATEMENT 46
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 46
CONSOLIDATED STATEMENT OF FINANCIAL POSITION 47
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 48
CONSOLIDATED STATEMENT OF CASH FLOWS 49

AUDITOR'S REPORT AND PRIMARY FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GVC HOLDINGS PLC

Our opinion on the financial statements is unmodified

In our opinion the Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2015 and of its profit for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Other matter

We have reported separately on the parent company financial statements of GVC Holdings PLC for the year.

Who we are reporting to

This report is made solely to the Company's members, as a body, in accordance with the terms of our engagement letter dated 27 October 2015. 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.

What we have audited

GVC Holdings PLC's financial statements for the year ended 31 December 2015 comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Overview of our audit approach

- Overall group materiality: €1.7 million, which represents 3.4% of the Group's earnings before taxation less exceptionals;
- We performed full scope audits at the key business operations in the UK, Ireland and Malta; and
- Key audit risks were identified as post balance sheet date reporting, revenue recognition, valuation of derivative financial instruments and impairment of goodwill and intangible assets.

Our assessment of risk

In arriving at our opinions set out in this report, we highlight the following risks that, in our judgement, had the greatest effect on our audit.

Audit risk	How we responded to the risk

Post balance sheet date reporting

The Group completed an agreement to acquire the entire issued and to be issued ordinary share capital of bwin.party digital entertainment plc ("bwin") on 2 February 2016.

The impact on the Group's financial statements for the year ended 31 December 2015 relate primarily to the post balance sheet disclosures included in note 26.

There are a number of items related to this disclosure note which require the application of judgements and estimates by management – most notably:

- identification of the acquirer, taking into account the requirements of IFRS 3 "*Business Combinations*" and IFRS 10 "*Consolidated Financial Statements*"; and
- identification and valuation of intangible assets and goodwill on acquisition, and any fair value adjustments to net assets acquired.

Given these judgements and the fact that the transaction significantly increases the size of the business we have identified post balance sheet date reporting as a significant risk requiring special audit consideration.

We have performed the following procedures on the key areas of judgement:

- compared management's assessment of the accounting treatment of the business combination and in particular the identification of the acquirer in accordance with the requirements of IFRS 3 and IFRS 10;
- examined signed sales and purchase agreements and associated contractual documents to understand the terms and conditions of the transaction;
- assessed the models prepared by management to value the intangible assets identified in the acquired business, using our internal specialists to challenge the assumptions and methodology used by management;
- assessed whether the disclosures presented in note 26 to the financial statements are in accordance with the requirements of IFRS 3 and IFRS 10.

Audit risk	How we responded to the risk

Revenue recognition

The Group enters in to high volumes of Net Gaming Revenue ("NGR") generating transactions each day, recorded across inhouse and third party IT systems. Auditing standards prescribe a presumed risk of fraud in revenue recognition in that revenue may be misstated through improper recognition.

We have therefore identified revenue recognition as a significant risk requiring special audit consideration.

Our audit work included, but was not limited to:

- evaluating whether the Group's revenue recognition policies are in line with accounting standards;
- evaluating the design effectiveness and implementation of controls around the relevant IT systems including the Group's gaming platform, MM1;
- reconciling data both from MM1 to the general ledger and in reverse;
- where the IT system is outsourced, obtaining and reviewing a sample of the provider's monthly reports and the reconciliations to the Group's trial balances;
- testing a sample of bets placed during the year to verify that the event relating to the bet occurred in the year, and that in the case of winning bets, the pay-out was correctly calculated and recorded in the customer's account;.

The Group's accounting policy on the recognition of income is shown in note 1.11 and the components of that income are included in note 2.

Audit risk	How we responded to the risk
Valuation of derivative Financial Instruments	
The Group has entered into a number of contracts during the current and preceding years resulting in financial derivative instruments of €3.8 million (assets) and €0.7 million (liabilities) being recognised respectively on the Statement of Financial Position at fair value in line with *IAS 39 "Financial Instruments: Recognition and Measurement"*. The valuation of these instruments are often complex, involve a number of estimates, some of which derive from management information and can be highly judgemental. We have therefore identified the valuation of these instruments as a significant risk requiring special audit consideration.	Our audit work included, but was not restricted to: • meeting with the external valuer, and assessing their qualifications and objectivity in preparing the valuations; • engaging our valuation specialists to assess the appropriateness of assumptions, inputs and methodology applied; • reviewing the disclosures in note 21 and confirming they are in compliance with the requirements of IFRS 7 *"Financial Instruments: Disclosures"*. The Group's accounting policy on the recognition and measurement of financial derivative instruments is included in note 1.17 to the financial statements.

Audit risk	How we responded to the risk
Impairment of goodwill and intangible assets	
The Group holds goodwill of €133 million and intangible assets of €22 million on its Statement of Financial Position at 31 December 2015. IAS 36 requires that goodwill and other intangibles with indefinite useful lives are tested for annual impairment. All other intangible assets must also be assessed annually for indicators of impairment. The impairment review process to test the recoverability of these assets arising on acquisition involves the application of judgements and estimates by management. There are particular risks regarding the judgments included in the forecasts to determine the recoverable amount, including the growth rates underlying projected future cash flows, the discount rates applied to those forecasts and the scenarios applied to test the calculations' sensitivity to reasonably possible changes in key assumptions	We tested the assumptions used by management within their annual impairment assessment to support the recoverability of the carrying value of goodwill and intangible assets. Our work included, but was not restricted to: • challenging the projected future cash flow growth rates and patterns; • engaging valuation specialists to provide additional challenge regarding the calculations of the discount rate applied to these cash flows; assessing the appropriateness of the sensitivities applied by management including considering whether the scenarios represented reasonably possible changes in key assumptions; and • considering whether the disclosures on the impairment test performed by management in the financial statements are in line with those prescribed in accounting standards. The Group's accounting policy on impairment is shown in note 1.7 and the goodwill and impairment testing disclosures are included in note 8.2.

Our application of materiality and an overview of the scope of our audit

Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

We determined materiality for the audit of the Group financial statements as a whole to be €1.7 million, which is approximately 3.4% of earnings before taxation less exceptional costs. This benchmark is considered the most appropriate because this is a key performance measure used by the directors to report to investors on the financial position of the Group.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GVC HOLDINGS PLC continued

We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 75% of financial statement materiality for the audit of the Group financial statements. We also determine a lower level of specific materiality for certain areas such as directors' remuneration and related party transactions.

We determined the threshold at which we will communicate misstatements to the Audit Committee to be €85,000. In addition we will communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

Overview of the scope of our audit

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

We conducted our audit in accordance with International Standards on Auditing (ISAs) (UK and Ireland). Our responsibilities under those standards are further described in the 'Responsibilities for the financial statements and the audit' section of our report. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with the Auditing Practices Board's Ethical Standards for Auditors, and we have fulfilled our other ethical responsibilities in accordance with those Ethical Standards.

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. The Group's activities are spread across 57 wholly owned statutory entities. The components of the Group were evaluated by the Group audit team based on a measure of materiality, considering each as a percentage of total Group assets, revenues and earnings before tax, to assess the significance of each component and to determine the planned audit response.

For those components that were deemed significant either a full scope, targeted or analytical audit approach was determined based on their relative materiality to the Group and our assessment of audit risk. For significant components requiring a full scope approach we evaluated and tested controls over the financial reporting systems identified as part of our risk assessment, reviewed the accounts production process and addressed critical accounting matters.

Based on this assessment we focused on the Group's operations based in the UK, Ireland and Malta, which were subject to a full audit for the year ended 31 December 2015. We used a Grant Thornton network member firm to complete the audit work of the operations in Malta under our supervision and review. The remaining entities were subject to a targeted or analytical approach. Our audit was executed at levels of materiality applicable to each individual entity which were lower than Group materiality and ranged from €1,275k to €1,700k. At the parent entity level we performed audit procedures on material transactions and consolidation adjustments.

As a consequence of the audit scope determined, we achieved full scope coverage of 100% of the Group's revenue, 99% of the Group's net assets, 100% of the Group's profit making components and 92% of the Group's loss making components.

As the Group's Parent Company is based in the Isle of Man we used a Grant Thornton network member firm to check the requirements of local Isle of Man statute had been met in the disclosures included in the Annual Report.

In the current year the Group audit team visited the operations in Ireland and Malta, due to their financial significance to the Group.

Responsibilities for the financial statements and the audit

What the directors are responsible for:

As explained more fully in the Statement of Directors' Responsibilities set out on page 36, the directors are responsible for the preparation of the Group financial statements which give a true and fair view.

What we are responsible for:

Our responsibility is to audit and express an opinion on the Group financial statements in accordance with applicable law and ISAs (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Grant Thornton UK LLP
Chartered Accountants
London
22 April 2016

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2015

	Notes	**2015 €000's**	2014 €000's
Net Gaming Revenue	2	**247,730**	224,801
Cost of sales		**(112,369)**	(101,513)
Contribution	2	**135,361**	123,288
Administrative costs	3	**(81,284)**	(74,126)
Clean EBITDA		**54,077**	49,162
Share option charges	3	**(449)**	(736)
Exceptional items	3	**(24,496)**	–
Depreciation and amortisation	3, 7, 8	**(4,985)**	(3,912)
Impairment of available for sale asset	9	**(1,216)**	(1,593)
Changes in the fair value of derivative financial instruments	10	**4,817**	–
Operating profit		**27,748**	42,921
Financial income	4	**4**	16
Financial expense	4	**(2,246)**	(1,646)
Profit before tax		**25,506**	41,291
Taxation expense	5	**(847)**	(728)
Profit after tax		**24,659**	40,563
Earnings per share		**€**	€
Basic	6	**0.402**	0.664
Diluted	6	**0.383**	0.614

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2015

	2015 €000's	2014 €000's
Profit for the year	**24,659**	40,563
Total comprehensive income for the year	**24,659**	40,563

The notes on pages 53 to 87 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2015

	Notes	**2015 €000's**	2014 €000's
Assets			
Property, plant and equipment	7	**1,428**	1,147
Intangible assets	8	**155,153**	154,260
Available for sale financial asset	9	**2,585**	3,801
Total non-current assets		**159,166**	159,208
Trade and other receivables	11	**34,618**	27,605
Winunited option asset	10	**3,808**	–
Income taxes reclaimable	5	**5,972**	3,925
Other tax reclaimable		**12**	139
Cash and cash equivalents	12	**28,170**	17,829
Total current assets		**72,580**	49,498
Total assets		**231,746**	208,706
Current liabilities			
Trade and other payables	13	**(32,016)**	(26,777)
Balances with customers		**(14,808)**	(13,036)
Amounts due under finance leases	17	**(691)**	(1,362)
Non-interest bearing loans and borrowings	14	**(3,020)**	(2,735)
Deferred consideration on Betboo	15	**(1,606)**	(2,347)
Share option liability	20	**(9,740)**	(184)
Forward contract liability	3	**(9,877)**	–
Income taxes payable	5	**(7,251)**	(5,014)
Other taxation payable	16	**(2,020)**	(1,338)
Total current liabilities		**(81,029)**	(52,793)
Current assets less current liabilities		**(8,449)**	(3,295)
Non-current liabilities			
Interest bearing loans and borrowings	14, 17	**(19,821)**	(327)
Non-interest bearing loans and borrowings	14	**–**	(2,777)
Share option liability	20	**(2,036)**	–
Betit option liability	10	**(736)**	(1,745)
Deferred consideration on Betboo	15	**–**	(1,606)
Total non-current liabilities		**(22,593)**	(6,455)
Total net assets		**128,124**	149,458
Capital and reserves			
Issued share capital	18	**613**	613
Merger reserve	18	**40,407**	40,407
Share premium	18	**85,380**	85,380
Translation reserve	18	**359**	359
Retained earnings	18	**1,365**	22,699
Total equity attributable to equity holders of the parent		**128,124**	149,458

The financial statements from pages 46 to 87 were approved and authorised for issue by the Board of Directors on 22 April 2016 and signed on their behalf by:

K.J. Alexander
(Chief Executive Officer)

R.Q.M. Cooper
(Group Finance Director)

The notes on pages 53 to 87 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2015

Attributable to equity holders of the parent company:

	Notes	Share Capital €000's	Merger Reserve €000's	Share Premium €000's	Translation Reserve €000's	Retained Earnings* €000's	Total €000's
Balance at 1 January 2014		609	40,407	84,530	359	15,191	141,096
Share option charges**		–	–	–	–	552	552
Share options exercised		4	–	850	–	–	854
Dividend paid		–	–	–	–	(33,607)	(33,607)
Transactions with owners		4	–	850	–	(33,055)	(32,201)
Profit for the year		–	–	–	–	40,563	40,563
Total comprehensive income for the year		–	–	–	–	40,563	40,563
Balance as at 31 December 2014		**613**	**40,407**	**85,380**	**359**	**22,699**	**149,458**
Balance at 1 January 2015		613	40,407	85,380	359	22,699	149,458
Share option charges**	20	–	–	–	–	509	509
Share options surrendered	20	–	–	–	–	(12,183)	(12,183)
Share options exercised	20	–	–	–	–	–	–
Dividend paid	19	–	–	–	–	(34,319)	(34,319)
Transactions with owners			–		–	(45,993)	(45,993)
Profit for the year		–	–	–	–	24,659	24,659
Other comprehensive income for the year		–	–	–	–	–	–
Total comprehensive income for the year		–	–	–	–	24,659	24,659
Balance as at 31 December 2015		**613**	**40,407**	**85,380**	**359**	**1,365**	**128,124**

** the share option reserve included within retained earnings at 31 December 2015 amounted to a debit balance of €6,955,345, largely due to the surrender of fully vested share options during 2015, now recognised as a liability.*

*** total share option charge per the Consolidated Income Statement amounted to €449,231, the difference being a net credit to the cash settled share option expense of €59,282 which is not taken directly to retained earnings.*

All reserves of the Company are distributable, as under the Isle of Man Companies Act 2006 distributions are not governed by reserves but by the Directors undertaking an assessment of the Company's solvency at the time of distribution (section 49, Companies Act Isle of Man 2006).

The notes on pages 53 to 87 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2015

	Notes	**2015 €000's**	2014 €000's
Cash flows from operating activities			
Cash receipts from customers		**248,227**	221,048
Cash paid to suppliers and employees		**(208,600)**	(172,581)
Corporate taxes recovered		**–**	1,256
Corporate taxes paid		**(657)**	(1,740)
Net cash from operating activities		**38,970**	47,983
Cash flows from investing activities			
Interest received		**4**	16
Acquisition earn-out payments (Betboo)	15	**(2,401)**	(4,339)
Investment in Betit	10	**–**	(3,649)
Acquisition of property, plant and equipment	7	**(1,156)**	(802)
Capitalised development costs	8	**(5,003)**	(3,343)
Net cash used in investing activities		**(8,556)**	(12,117)
Cash flows from financing activities			
Proceeds from interest bearing loan (Cerberus)	14	**19,375**	–
Non-interest bearing loan (from William Hill)	14	**(3,245)**	(2,856)
Proceeds from issue of share capital		**–**	854
Repayment of borrowings	17	**(1,768)**	(1,149)
Dividend paid	19	**(34,319)**	(33,607)
Net cash used in financing activities		**(19,957)**	(36,758)
Net increase/(decrease) in cash and cash equivalents		**10,457**	(892)
Exchange differences		**(116)**	(87)
Cash and cash equivalents at beginning of the year		**17,829**	18,808
Cash and cash equivalents at end of the year		**28,170**	17,829

The notes on pages 53 to 87 form part of these financial statements.

IN THIS SECTION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 53
COMPANY FINANCIAL STATEMENTS (UNDER UK GAAP – FRS 101) 91
ADDITIONAL UNAUDITED INFORMATION 103

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, COMPANY FINANCIAL STATEMENTS AND ADDITIONAL UNAUDITED INFORMATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2015

1. Significant accounting policies
2. Segmental reporting
3. Operating costs
4. Financial income and expenses
5. Taxation
6. Earnings per share
7. Property, plant and equipment
8. Intangible assets
9. Available for sale financial asset
10. Derivative financial instruments: options
11. Receivables and prepayments
12. Cash and cash equivalents
13. Trade and other payables
14. Loans and borrowings
15. Betboo deferred consideration
16. Other taxation payable
17. Commitments under operating and finance leases
18. Share capital and reserves
19. Dividends
20. Share option schemes
21. Financial instruments and risk management
22. Related parties
23. Contingent liabilities
24. Accounting estimates and judgements
25. Going concern
26. Subsequent events

1. SIGNIFICANT ACCOUNTING POLICIES

This note deals with both the significant accounting policies used in the preparation of these financial statements, together with a note identifying new accounting standards which will affect the Group.

GVC Holdings PLC is a company registered in the Isle of Man and was incorporated on 5 January 2010. It is the successor company of Gaming VC Holdings S.A., a company which had been incorporated in Luxembourg, and took the assets of Gaming VC Holdings S.A. on 21 May 2010 after formal approval by shareholders. The consolidated financial statements of the Group for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the 'Group').

1.1 Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union.

The Directors have reviewed the accounting policies used by the Group and consider them to be the most appropriate. The accounting policies are consistent with the prior year with the exception of revisions and amendments to IFRS issued by the IASB, which are relevant to and effective for the annual period beginning 1 January 2015. There was no material effect on current, prior or future periods arising from the first-time application of these new requirements in respect of presentation, recognition and measurement are described more fully in note 1.21.

1.2 Basis of Preparation

The financial information, which comprises the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash flows and related notes, is derived from the Group financial statements for the year ended 31 December 2015, which have been prepared under International Financial Reporting Standards as adopted by the European Union (IFRS) and those parts of the Isle of Man Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements are presented in the Euro, rounded to the nearest thousand, and are prepared on the historical cost basis with the exception of those assets and liabilities carried at fair value (see note 21.6). The financial statements are prepared on the going concern basis (see note 25).

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

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.

Significant accounting estimates and judgements are discussed in further detail in note 24.

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.

1.3 Basis of Consolidation

1.3.1 Subsidiaries

The Group financial statements consolidate those of the parent company and all of its subsidiaries as of 31 December 2015.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable. The Group attributes total comprehensive income (or loss) of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present:

- Power over the investee
- Exposure or rights to variable returns from the investee
- The ability of the company to use its power to affect those variable returns.

Control is re-assessed whenever facts and circumstances indicate that there may be a change in any of the above elements of control.

1.3.2 Transactions Eliminated on Consolidation

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

1.3.3 Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share Based Payments at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the “measurement period” (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with IAS 39, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

1. SIGNIFICANT ACCOUNTING POLICIES continued

1.3 Basis of Consolidation continued

1.3.3 Business Combinations continued

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the terms for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

1.4 Foreign Currency

The functional currency of the Company, as well as the presentational currency of the Group, is the Euro.

1.4.1 Foreign Currency Transactions

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the Euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Consolidated Income Statement within operating costs (note 3) and financial costs (note 4.1). 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.

Income and expense items are translated using the exchange rates at the start of the relevant month, unless exchange rates fluctuate significantly, in which case the spot rate for significant items is used.

Exchange differences arising due to the functional currency of operations differing from the presentational currency of the Group, if any, are recognised in other comprehensive income, classified as equity and transferred to the Group's translation reserve. Such translation differences are reclassified to profit or loss in the period in which the operation is disposed of.

1.5 Property, Plant and Equipment

1.5.1 Owned Assets

Property, plant and equipment is stated at cost, less accumulated depreciation (see 1.5.2 below) and impairment losses (see accounting policy 1.7). 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.

1.5.2 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:

Fixtures and fittings:	3 years
Plant and equipment:	3 years

The residual value, if significant, is reassessed annually.

1.6 Intangible Assets

1.6.1 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill has been allocated to each of the Group's Cash-Generating Units ('CGU') that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

1.6.2 Other Intangible Assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (see 1.6.4) and impairment losses (see accounting policy 1.7).

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:

Asset category	**Valuation methodology**
Consulting and magazine	Income (cost saving)
Software licence	Income (incremental value plus loss of profits)
Trademarks	Relief from royalty
Trade name	Relief from royalty
Non Contractual customer relationships	Excess earnings

Where, in the opinion of the Directors, the Group's expenditure in relation to development of internet activities results in future economic benefits, these costs are capitalised within software licences and amortised over the useful economic life of the asset.

Development costs are capitalised only when it is probable that future economic benefit will result from the project and the following criteria are met:

- The technical feasibility of the product has been ascertained;
- Adequate technical, financial and other resources are available to complete and sell or use the intangible asset;
- The Group can demonstrate how the intangible asset will generate future economic benefits and the ability to use or sell the intangible asset can be demonstrated;
- It is the intention of management to complete the intangible asset and use it or sell it; and
- The development costs can be measured reliably.

1.6.3 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. This includes legal and similar expenditure incurred in registering brands and trade names, which is capitalised, all other expenditure is expensed as incurred.

1.6.4 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 trademarks with an indefinite useful life are systematically tested for impairment at each reporting date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Software licence agreements	2-15 years
Non-contractual customer relationships	4 years

1.7 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 reporting date.

1.8 Dividends Paid to Holders of Share Capital

Dividend distributions payable to equity shareholders are recognised through equity reserves on the date the dividend is paid.

1. SIGNIFICANT ACCOUNTING POLICIES continued

1.9 Employee Benefits

1.9.1 Pension Costs

In some jurisdictions in which the Group has employees, there are government or private schemes into which the employing company or branch must make payments on a defined contribution basis, the contributions are shown in the profit or loss account in the year.

1.9.2 Share Options

The Group has share option schemes which allow Group employees and contractors 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 are measured using either a binomial or Monte Carlo valuation model. This valuation method takes 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 and market conditions if applicable.

Payments made to repurchase or cancel vested awards are accounted for with the fair value of the options cancelled, measured at the date of cancellation being taken to retained earnings; the balance is taken to the income statement. Also on cancellation an accelerated charge would be recognised immediately.

See note 20 for further details of the schemes.

1.10 Provisions

A provision is recognised 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.

1.11 Revenue Recognition

Net Gaming Revenue ('NGR') is measured at the fair value of consideration received or receivable and comprises the following elements:

Casino: net win in respect of bets placed on casino games that have concluded in the year, stated net of promotional bonuses.

Sportsbook: gains and losses in respect of bets placed on sporting events in the year, stated net of promotional bonuses. Open positions are carried at fair market value and gains and losses arising on this valuation are recognised in revenue, as well as gains and losses realised on positions that have closed.

Poker: net win in respect of rake for poker games that have concluded in the year, stated net of promotional bonuses.

Bingo: net win in respect of bets placed on bingo games that have concluded in the year, stated net of promotional bonuses.

Where promotional bonuses apply to customers playing a variety of products through the same wallet, bonuses are allocated pro-rata to the net win.

B2B income comprises the amounts receivable for services to other online gaming operators. Income is recognised when a right to consideration has been obtained through performance and reflects contract activity during the year.

1.12 Financial Expenses

Financial expenses comprise interest payable on borrowings, calculated using the effective interest rate method which discounts the expected cash flows over the life of the financial instrument, and foreign exchange differences arising on loans and finance leases.

1.13 Exceptional Items

Exceptional items are those that in the judgement of the Directors need to be disclosed by virtue of their size or incidence in order for the user to obtain a proper understanding of the financial information.

1.14 Financial Income

Financial income is interest income recognised in the income statement as it accrues, using the effective interest method.

1.15 Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases, calculated using the liability method on temporary differences. However, deferred tax is neither provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to other comprehensive income or equity in which case the related deferred tax is also charged or credited directly to other comprehensive income or equity as appropriate.

1.16 Segment Reporting

The Board has reviewed and confirmed the Group's reportable segments in line with the requirements of IFRS 8 'Operating Segments'. The segments disclosed below are aligned with the reports the Group's Chief Executive reviewed during 2015 to make strategic decisions.

Sports: being the gains and losses in respect of bets placed on sporting events in the year

Gaming: being the net win in respect of bets placed on casino, poker, bingo that have concluded in the year, along with deposit charges debited to customer accounts.

Variable costs and corporate overheads which are not directly attributable to the business activities of any operating segment are not allocated to a segment. These are not reviewed by the Chief Executive on a segment basis and accordingly the analysis by segment is for revenue only. In addition, the Statement of Financial Position is not reviewed on a segment basis.

The Board will review the Group's reportable segments during 2016, in light of the acquisition of bwin.party in February 2016.

1.17 Financial Instruments

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

1.17.1 Non-Derivative Financial Instruments

Non-derivative financial instruments comprise trade and other receivables including balances with payment processors, cash and cash equivalents, loans and borrowings, and trade and other payables. Subsequent to initial recognition, non-derivative financial instruments are measured at amortised cost using the effective interest method. Provisions for impairment are made against financial assets if considered appropriate and any impairment is recognised in profit or loss. The liability for inactive customer balances is derecognised when the obligation is extinguished with reference to player terms and conditions.

1. SIGNIFICANT ACCOUNTING POLICIES continued

1.17 Financial Instruments continued

1.17.2 Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and bank balances. 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 financial income and financial expenses are discussed in notes 1.14 and 1.12 respectively.

1.17.3 Available for Sale Financial Assets ('AFS')

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's AFS financial assets include the equity investment in Betit Holdings Limited ('BHL').

AFS financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the AFS reserve within equity, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss.

When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss. Interest calculated using the effective interest method and dividends are recognised in profit or loss within finance income.

For AFS equity investments impairment reversals are not recognised in profit and loss and any subsequent increase in fair value is recognised in other comprehensive income.

1.17.3 Derivative Financial Instruments

Derivative financial instruments are accounted for at Fair Value Through Profit and Loss (FVTPL). The options associated with the Group's investment in BHL are considered derivative financial instruments and are carried at their fair value which is re-measured at each reporting date. Any movements in fair value are taken to the consolidated income statement

1.17.3 Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

1.18 Equity

Equity comprises the following:

'Share capital' represents the nominal value of equity shares.

'Share premium' represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

'Retained earnings' represents retained profits.

'Merger reserve' arose on the re-domiciliation of the Group from Luxembourg to the Isle of Man in 2010. It consists of the pre-redomiciliation reserves of the Luxembourg company plus the difference in the issued share capital (31,135,762 share at €0.01 versus 31,135,762 shares at €1.24).

'Translation reserve' represents exchange differences on translation of foreign subsidiaries recognised in other comprehensive income.

1.19 Finance leases

Management applies judgment in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Group obtains ownership of the asset at the end of the lease term.

The interest element of lease payments is charged to profit or loss, as finance costs over the period of the lease.

1.20 Operating leases

All other leases other than finance leases are treated as operating leases. Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

1.21 New and revised standards that are effective for annual periods beginning on or after 1 January 2015

1.21.1 Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) came into mandatory effect for the first time in 2015. As the Company does not operate any defined benefit plans, there is no impact on these financial statements.

1.22 Standards in issue, not yet effective

At the date of authorisation of these financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Group. Information on those expected to be relevant to the Group's financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not either adopted or listed below are not expected to have a material impact on the Group's financial statements.

1.22.1 IFRS 9 'Financial Instruments' (2014)

The IASB has released IFRS 9 'Financial Instruments' (2014), representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

The Group's management have yet to assess the impact of IFRS 9 on these consolidated financial statements. The new standard is required to be applied for annual reporting periods beginning on or after 1 January 2018.

1.22.2 IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities. IFRS 15 is effective for reporting periods beginning on or after 1 January 2018. The Group's management have not yet assessed the impact of IFRS 15 on these consolidated financial statements.

1.22.3 Amendments to IFRS 11 Joint Arrangements

These amendments provide guidance on the accounting for acquisitions of interests in joint operations constituting a business. The amendments require all such transactions to be accounted for using the principles on business combinations accounting in IFRS 3 'Business Combinations' and other IFRSs except where those principles conflict with IFRS 11. Acquisitions of interests in joint ventures are not impacted by this new guidance.

The amendments are effective for reporting periods beginning on or after 1 January 2016. The Group's management have yet to assess the impact of IFRS 11 on these consolidated financial statements.

1.22.4 IFRS 16 'Leases'

IFRS 16 presents new requirements for the recognition, measurement, presentation and disclosure of leases, replacing IAS 17 'Leases'. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases of over 12 months unless the underlying asset has a low value. Lessors continue to classify leases as operating or finance leases, with minimal changes from IAS 17. The new standard applies to annual reporting periods beginning on or after 1 January 2019. The Group's management have not yet assessed the impact of IFRS 16 on these consolidated financial statements.

2. SEGMENTAL REPORTING

Management follows one business line with two operating segments, being Sports and Gaming segmenting the revenues. These operating segments are monitored and strategic decisions are made on the basis of overall operating results.

Management also monitors revenue by geographic location of its customers, monitoring performance in Europe and Latin America.

2.1 Geographical Analysis

The Group's revenues and other income from external customers are divided into the following geographic areas:

	2015 €000's	2014 €000's
Europe	**214,980**	197,442
Latin America and Emerging Markets	**32,750**	27,359
Total	**247,730**	224,801

The total non-current assets (other than financial instruments, investments accounted for using the equity method, deferred tax assets and post-employment benefit assets) located in Europe is €103,350,000 (2014: €103,446,000) and the total located in other regions is €55,816,000 (2014: €55,762,000).

Revenues from external customers in the Group's domicile, Europe, as well as its major markets, Latin America and emerging markets, have been identified on the basis of the customer's geographical location. Non-current assets are allocated based on their physical location.

2.2 Reporting by Segment

	Notes	**2015 €000's**	2014 €000's
STATEMENT OF REVENUE			
Sports wagers		**1,682,955**	1,463,523
Sports margin		***9.2%***	*9.8%*
Gross margin		**154,086**	143,544
Sports bonuses		**(40,234)**	(33,345)
Sports NGR		**113,852**	110,199
Gaming NGR		**133,878**	114,602
Total Revenue		**247,730**	224,801

Management do not review the performance of each segment below the level of Net Gaming Revenue.

2.3 Detailed income statement

	Notes	2015 €000's	2014 €000's
Net Gaming Revenue		247,730	224,801
Variable costs*		(112,369)	(101,513)
Contribution		135,361	123,288
Contribution margin		*55%*	*55%*
Other operating costs	3		
Personnel expenditure (including incentive arrangements)		(48,454)	(43,055)
Professional fees		(4,662)	(4,489)
Technology costs		(23,659)	(20,991)
Office, travel and other costs		(3,471)	(5,248)
Third party service costs		–	(3)
Foreign exchange differences		(1,038)	(340)
Clean EBITDA		54,077	49,162
Exceptional items	3	(24,496)	–
Share option charges	3	(449)	(736)
Impairment of available for sale asset	9	(1,216)	(1,593)
Movement in fair value of derivative financial instruments	10	4,817	–
EBITDA		32,733	46,833
Depreciation and amortisation	3	(4,985)	(3,912)
Financial income	4	4	16
Financial expense	4	(2,110)	(869)
Finance lease interest	4	(82)	(67)
Unwinding of discount on deferred consideration	4	(54)	(710)
Profit before tax		25,506	41,291
Taxation	5	(847)	(728)
Profit after tax from continuing operations		24,659	40,563

* *Variable costs include betting taxes & VAT, payment service provider charges, software royalties, chargebacks & bad debt, commissions and marketing costs*

2.4 Performance Summary by six month period

	€000's	Total €000's
Revenue		
H2-2015	**126,814**	
H1-2015	**120,916**	
FY-2015		**247,730**
H2-2014	119,735	
H1-2014	105,066	
FY-2014		224,801
Contribution		
H2-2015	**69,960**	
H1-2015	**65,401**	
FY-2015		**135,361**
H2-2014	66,566	
H1-2014	56,722	
FY-2014		123,288
Clean EBITDA		
H2-2015	**28,592**	
H1-2015	**25,485**	
FY-2015		**54,077**
H2-2014	26,808	
H1-2014	22,354	
FY-2014		49,162

3. OPERATING COSTS

	Notes		2015 €000's		2014 €000's
Wages and salaries, including Directors (excluding incentive schemes)			23,878		21,744
Directors incentive schemes (see page 30)		7,168		6,918	
Other employees incentive schemes		9,411		6,947	
Incentive schemes			16,579		13,865
Amounts paid to long term contractors			3,333		3,270
Compulsory social security contributions			2,251		2,137
Compulsory pension contributions			722		627
Health and other benefits			902		758
Recruitment and training			789		654
Personnel expenditure (excluding share option charges)			48,454		43,055
Professional fees			4,662		4,489
Technology costs			23,659		20,991
Office, travel and other costs			3,471		5,251
Foreign exchange differences on operating activity			1,038		340
Administrative costs			81,284		74,126
Equity settled share option charges	20		509		552
Cash settled share option (credit)/charges	20		(60)		184
Exceptional items	3.1		24,496		–
Impairment of available for sale asset	9		1,216		1,593
Movement in the fair value of derivative financial instruments	10		(4,817)		–
Depreciation	7		875		675
Amortisation	8		4,110		3,237
			107,613		80,367

3.1 Exceptional Items

The Group incurred expenditure on exceptional items (as defined in accounting policy note 1.13) of €24,496,000 (2014: €nil). These are items which are both exceptional in size and nature.

	2015 €000's	2014 €000's
Proposed Acquisition of bwin.party		
– Legal advice	5,101	–
– Nominated advisors	1,636	–
– Reporting accountants	2,629	–
– Other professional fees	3,177	–
Total professional fees	12,543	–
– Currency option, including fair value adjustment	9,531	
– PR fees	847	
– Loan fees	100	–
Total acquisition costs	23,021	–
Non-deal income/expenditure		
– Romania tax amnesty payments	1,180	–
– Other	295	–
Total non-acquisition costs	1,475	–
Total exceptional items	24,496	–

3.1.1 Currency option

As part of the requirements for the acquisition of bwin.party, GVC had to "cash-confirm" that it had sufficient GBP funds to meet the obligations of the acquisition; namely 25p per bwin.party share. As the loan facility from Cerberus was denominated in Euro, an American style call option was purchased for €5.3 million on 4 September 2015 to sell €365,000,000 and purchase £256,138,750 (a rate of £1:€1.4250). The counterparty to this trade was Nomura.

On 18 December 2015, it was decided to terminate this option and replace its cash-confirmation obligations with a "flexible-forward", a forward contract with option components. Entering into this transaction resulted in a refund of €5.6 million and a new sale of €365,000,000 and purchase of £260,719,500 (a rate of £1:€1.400).

By 31 December, foreign exchange rates had moved and the rate used by GVC for the translation of its GBP current assets and current liabilities was £1:€1.36249, whilst the effective rate behind the valuation of the GBP obligation under the flexible forward was €1.3621. This resulted in a revaluation charge of €9.9 million shown as a forward contract liability. This is more fully shown in the tables below:

Details	Paid €000s	Received €000s	P&L €000s	Balance at 31.12.15 €000s
Arrangement cashflows	(5,329)	5,675	346	–
Arrangement valuations	–	–	(9,877)	(9,877)
	(5,329)	5,675	(9,531)	(9,877)

Euro sale under flexible forward	€365,000,000
Rate	€1.4000
GBP purchase under flexible forward	£260,719,500
Implicit rate in valuation	€1.3621
Revaluation	€355,123,000
Valuation expense	€9,877,000

3.2 Employees

The average monthly number of persons (including Directors) employed by the Group during the year was:

	2015	2014
Number of personnel		
With employment contracts or service contracts	**527**	507
Contractors	**49**	42
	576	549

4. FINANCIAL INCOME AND EXPENSE

	2015 €000's	2014 €000's
Financial income – interest income	**4**	16
	4	16
Financial expense – interest payable		
– Unwinding of discount on non-interest bearing loan	**(238)**	(238)
– Finance lease interest	**(82)**	(67)
– Unwinding of discount on Betboo deferred consideration	**(54)**	(710)
– Foreign exchange revaluation (see note 4.1)	**(627)**	(627)
– Interest on Cerberus loan (see note 14.1)*	**(1,245)**	–
– Other expense	**–**	(4)
	(2,246)	(1,646)

** this includes interest payments at the contracted rate of 12.5% and an accrual for exit and similar fees not yet due.*

4.1 Foreign exchange differences

The foreign exchange differences above arose as follows:

	2015 €000's	2014 €000's
Retranslation of the William Hill non-interest bearing loan	**(516)**	(467)
Retranslation of amounts due in respect of finance leases	**(69)**	(160)
Other	**(42)**	–
	(627)	(627)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 December 2015

5. TAXATION

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. There is a current tax liability from continuing operations of €1,291k (net of tax receivable amounts) at 31 December 2015 (2014: Current tax liability from continuing operations of €1,089k (net of tax receivable amounts)).

	2015 €000's	2014 €000's
Current tax expense		
Current year	**758**	840
Prior year	**89**	(112)
	847	728
Deferred tax		
Origination and reversal of temporary differences	**–**	–
Total income tax expense in income statement	**847**	728

The tax for the year is different from that which would result from applying the standard rate of UK Corporation Tax of 20.25%* (2014: 21.5%). A reconciliation is shown below:

	2015 €000's	2014 €000's
Profit before tax	**25,506**	41,291
Income tax using the domestic corporation tax rate	**5,165**	8,878
Effect of tax rates in foreign jurisdictions (rates decreased)	**(4,748)**	(8,430)
Expenses not deductible/income not chargeable for tax purposes	**773**	36
Utilisation of tax losses	**(177)**	(261)
Tax losses for which no deferred tax assets have been recognised	**659**	1,693
Adjustment in respect of prior years – corporation tax	**89**	(112)
Capital allowances for the period in excess of depreciation**	**(914)**	(1,076)
	847	728

** From 1 April 2015 the UK Corporation Tax rate changed from 21% to 20%.*

*** Represents current tax movement on temporary differences as deferred tax asset amounts have not been recognised.*

5.1 Taxation Amounts Recognised in the Statement of Financial Position

	Current Tax		
	Payable €000's	Receivable €000's	**Total €000's**
Balances at 1 January 2014	(2,722)	1,877	**(845)**
Paid/(received) during the year ended 31 December 2014	1,740	(1,256)	**484**
Credit/(charge) in income statement for prior years	112	–	**112**
(Charge)/credit in income statement for the year ended 31 December 2014	(4,144)	3,304	**(840)**
Balances at 31 December 2014	(5,014)	3,925	**(1,089)**
Balances at 1 January 2015	(5,014)	3,925	**(1,089)**
Paid/(received) during the year ended 31 December 2015	2,073	(1,416)	**657**
Credit/(charge) in income statement for prior years	119	(208)	**(89)**
(Charge)/credit in income statement for the year ended 31 December 2015	(4,429)	3,671	**(758)**
Balances at 31 December 2015	**(7,251)**	**5,972**	**(1,279)**

Tax reclaimable represents a portion of the tax paid by Maltese entities in the Group which is refundable by the Maltese tax authorities to the parent company shortly after the submission of the audited accounts and tax computation for the company the tax is payable in.

Unrelieved tax losses remain available to offset against future trading profits of approximately €43.9 million (2014: €34.7 million).

6. EARNINGS PER SHARE

6.1 Basic Earnings Per Share and Basic Earnings Per Share Before Exceptional Items

Basic earnings per share has been calculated by taking the profit attributable to ordinary shareholders and dividing by the weighted average number of shares in issue. Basic earnings per share from continuing operations before exceptional items has been calculated by taking the profit attributable to ordinary shareholders and adding back the cost of exceptional items in the year and dividing by the weighted average number of shares in issue.

	2015	2014
Profit for the year attributable to ordinary shareholders (€)	**24,659,000**	40,563,268
Weighted average number of shares	**61,276,480**	61,099,894
Basic earnings per share (€)	**0.402**	0.664
Exceptional items (€)	**24,496,000**	–
Profit for the year attributable to ordinary shareholders before exceptional items (€)	**49,155,000**	40,563,268
Basic earnings per share before exceptional items (€)	**0.802**	0.664

6.2 Diluted Earnings Per Share and Diluted Earnings Per Share Before Exceptional Items

Diluted earnings per share has been calculated by taking the profit attributable to ordinary shareholders and dividing by the weighted average number of shares in issue as diluted by share options. Diluted earnings per share from continuing operations before exceptional items has been calculated by taking the profit attributable to ordinary shareholders and adding back the cost of exceptional items and dividing by the weighted average number of shares in issue, as diluted by share options.

	2015	2014
Profit for the year attributable to ordinary shareholders (€)	**24,659,000**	40,563,268
Weighted average number of shares	**61,276,480**	61,099,894
Effect of dilutive share options	**3,088,932**	5,010,290
Weighted average number of dilutive shares	**64,365,412**	66,110,184
Diluted earnings per share (€)	**0.383**	0.614
Exceptional items (€)	**24,496,000**	–
Profit for the year attributable to ordinary shareholders before exceptional items (€)	**49,155,000**	40,563,268
Diluted earnings per share before exceptional items (€)	**0.764**	0.614

7. PROPERTY, PLANT AND EQUIPMENT

	Leased Plant and Equipment €000's	*Owned Plant and Equipment €000's*	Total Plant and Equipment €000's	Fixtures and Fittings €000's	Total €000's
Cost					
At 1 January 2014	*543*	*1,197*	1,740	1,080	2,820
Additions	*101*	*487*	588	316	904
At 1 January 2015	*644*	*1,684*	2,328	1,396	**3,724**
Additions	*492*	*576*	1,068	88	**1,156**
At 31 December 2015	*1,136*	*2,260*	3,396	1,484	**4,880**
Depreciation					
At 1 January 2014	*124*	*827*	*951*	*951*	*1,902*
Depreciation charge for the year	*198*	*321*	*519*	*156*	*675*
At 1 January 2015	*322*	*1,148*	1,470	1,107	**2,577**
Depreciation charge for the year	*360*	*375*	735	140	**875**
At 31 December 2015	*682*	*1,523*	2,205	1,247	**3,452**
Net Book Value					
At 31 December 2014	*322*	*536*	858	289	1,147
At 31 December 2015	*454*	*737*	1,191	237	**1,428**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 December 2015

8. INTANGIBLE ASSETS

	Leased Software Licence €000's	*Owned Software Licence €000's*	Total Software Licence €000's	Goodwill €000's	Trade-marks & Trade Name €000's	Consulting & Magazine €000's	Non-contractual Customer Relationships €000's	**Total €000's**
Cost								
At 1 January 2014	*827*	*23,009*	23,836	166,167	17,065	4,919	2,379	214,366
Additions	*306*	*3,341*	3,647	–	–	–	–	3,647
At 1 January 2015	*1,133*	*26,350*	27,483	166,167	17,065	4,919	2,379	**218,013**
Additions	*–*	*5,003*	5,003	–	–	–	–	**5,003**
At 31 December 2015	*1,133*	*31,353*	32,486	166,167	17,065	4,919	2,379	**223,016**
Amortisation and Impairment								
At 1 January 2014	*243*	*19,017*	19,260	33,274	1,095	4,919	1,968	60,516
Amortisation	*232*	*2,451*	2,683	–	216	–	338	3,237
At 1 January 2015	*475*	*21,468*	21,943	33,274	1,311	4,919	2,306	**63,753**
Amortisation	*390*	*3,457*	3,847	–	190	–	73	**4,110**
At 31 December 2015	*865*	*24,925*	25,790	33,274	1,501	4,919	2,379	**67,863**
Net Book Value								
At 31 December 2014	*658*	*4,882*	5,540	132,893	15,754	–	73	154,260
At 31 December 2015	*268*	*6,428*	6,696	132,893	15,564	–	–	**155,153**

Certain intangible assets are deemed to have an indefinite useful life as there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. The carrying amounts of such assets at 31 December 2015 were as follows:

	2015 €000's	2014 €000's
Trademarks & Trade Names	**15,142**	15,142

8.1 Amortisation

The amortisation for the year is recognised in the following line items in the income statement.

	2015 €000's	2014 €000's
Net operating expenses	**4,110**	3,237

8.2 Impairment Tests for Cash-Generating Units Containing Goodwill and Trademarks

An Impairment Review of the Group's goodwill was carried out for the year ended 31 December 2015. The goodwill relates to Betboo, CasinoClub and Sportingbet. The carrying values of the assets were compared with the recoverable amounts, the recoverable amount was estimated based upon a value in use calculation, based upon management forecasts for the years ending 31 December 2016 and up to 31 December 2020. The assumptions detailed below have been determined based on past experience in this market which the Group's management believes is the best available input for forecasting this market.

Betboo

Significant growth is expected in the short-term reducing to 20% annual growth by 2017, a long-term growth rate of 2% was used from 2019 to reflect the likely competitive pressures. A discount rate of 35% was used, based on the internal rate of return of the Betboo acquisition. It was concluded that the carrying value of the goodwill and trademarks was not impaired.

CasinoClub

A long-term growth rate of 2% was used to reflect the increasing competitive pressures from large online gaming companies. A discount rate of 17.2% was used, based on company specific pre-tax weighted average cost of capital. It was concluded that the carrying value of the goodwill and trademarks was not impaired.

Sportingbet

A long-term growth rate of 3% has been applied to reflect the likely competitive pressures from other large online gaming companies. A discount rate range of 20%-25% was used across the different geographical areas, and a sensitivity analysis carried out including decreasing the growth rate to 1% and increasing the discount to 30%-45%. It was concluded that the carrying value of the goodwill and trademarks was not impaired.

The following units have significant carrying amounts of goodwill:

	2015 €000's	2014 €000's
Betboo	**8,333**	8,333
CasinoClub	**40,339**	40,339
Sportingbet	**84,221**	84,221
Total Goodwill	**132,893**	132,893

9. AVAILABLE FOR SALE FINANCIAL ASSET – Betit Holdings Limited

Where an entity holds, directly or indirectly through subsidiaries, less than 20% of the voting power of an investee, it is presumed that the entity does not have significant influence and therefore an investment does not qualify as an associate unless such influence can be clearly demonstrated.

	2015 €000's	2014 €000's
At 1 January	**3,801**	–
Additions	**–**	5,394
Impairment	**(1,216)**	(1,593)
At 31 December	**2,585**	3,801

On 14 May 2014, the Group acquired a 15% stake in Betit Holdings Limited ('BHL') from Betit Securities Limited ('BSL'). The consideration was for €3.5 million, which was attributed to both the available for sale asset (€5.2 million) and the option liability (€1.7 million) taken on at acquisition. The asset held for sale consideration, together with professional fees incurred at the time, amounted to a total upfront cost of €5.4 million which was impaired at 31 December 2014 to €3.8 million.

Although the Group has a Director on the Board of BHL and has influence through its shareholding over the payment of dividends the Director does not participate in policy making decisions, and the entity is unlikely to be in a dividend paying position over the lifetime of the investment. The Group does not believe there is evidence to rebut the presumption it does not have significant influence over BHL and therefore the investment is not considered to be an associate and has been accounted for as an available for sale asset.

The available for sale asset is required to be re-measured at fair value at each reporting date. Changes in the fair value will be recognised in other comprehensive income, except for impairment losses which are recognised through profit or loss as a deduction from clean EBITDA. The Group engaged a third party valuations specialist to value the asset.

In valuing the underlying business of BHL, a discounted cash flow model was used, applying a long-term growth rate of 2% (2014: 2%) to the Group's forecasts and a discount rate of 18% (2014: 18%) (based on comparison to industry peers and observable inputs). Based on this model, the value as at 31 December 2015 of the asset available for sale was €2.6 million, leading to an impairment of €1.2 million.

10. DERIVATIVE FINANCIAL INSTRUMENTS: OPTIONS

On 24 March 2015, GVC contracted with Winunited Limited for the day-to-day back office operations of the Winunited business, licensed in Malta. Under the terms of the agreement, GVC obtained a call option to purchase the Winunited assets comprising goodwill, customers, licenses, brands and websites. The exercise period for the option is in the three months prior to the five year anniversary of the 24 March 2015. No consideration was paid for the call option.

The Betit option was acquired in the prior year as part of the asset purchase set out in note 9.

10. DERIVATIVE FINANCIAL INSTRUMENTS: OPTIONS continued

A summary of the movement in the option values during the year and the balances at 31 December 2015 is shown below:

	Winunited option €000s	Betit option €000s	**Total €000s**
Balance at 1 January 2015	–	(1,745)	**(1,745)**
Movement in fair value	3,808	1,009	**4,817**
Balance at 31 December 2015	3,808	(736)	**3,072**

Split:

Current asset	**3,808**	**–**
Non-current liability	**–**	**(736)**

10.1 Winunited option

At 31 December 2015 the option was valued by a third party valuation specialist using a Monte Carlo valuation model and two methodologies: a discounted cash flow and a multiples based calculation. A long-term growth rate of 2% was assumed, and a discount rate of 15% based on industry peers and observable inputs. Based on this model, the value of the call option at 31 December 2015 was €3.8 million. This increase in the fair value of the option has been recognised in the income statement in accordance with IAS 39.

10.2 Betit option

On 14 May 2014, the Group acquired a 15% stake in Betit Holdings Limited ('BHL'). The Group has a call option to acquire the balance of the outstanding shares. The call option can be exercised no earlier than 1 July 2017 and no later than 30 September 2017, and would be subject to further Maltese Gaming Authority clearance and the Stock Exchange Rules. The minimum call option price is €70 million, and the actual price would be determined by the mix of revenues between regulated and non-regulated markets and certain multiples attaching thereto.

If the Group decides not to exercise its call option BSL may require the Group to acquire its shares in BHL at a price determined by the mix of revenues between regulated and non-regulated markets and certain multiples thereof (but absent any floor on the price). Completion of this purchase would be subject to certain conditions including the Group's ability to raise the necessary financing. Should the Group not raise the required financing, BSL may acquire the Group's shares in BHL for nominal consideration.

The Group engaged a third party valuations specialist to value the options using a Monte Carlo valuation model based on the enterprise value for BHL and modelling of the anticipated exercise price. In valuing the underlying business of BHL, a discounted cash flow model was used, applying a long-term growth rate of 2% (2014: 2%) to the Group's forecasts and a discount rate of 18% (2014: 18%) (based on comparison to industry peers and observable inputs). Based on this model, the fair value of the put and call options was a net liability of €0.7 million (2014: €1.7 million), leading to a movement in the fair value of €1.0 million.

11. RECEIVABLES AND PREPAYMENTS

	2015 €000's	2014 €000's
Balances with payment processors	**21,708**	22,222
Trade receivables	**91**	111
Other receivables	**1,280**	1,500
Loans and receivables	**23,079**	23,833
Prepayments	**11,539**	3,772
	34,618	27,605

Payment processor balances described as receivables are funds held by third party collection agencies subject to collection after one month, or balances used to make refunds to players.

Prepayments include payments as at 31 December 2015 for goods or services which will be consumed after 1 January 2016. It includes the prepayment of certain costs and fees in respect of the Cerberus loan which was drawn down in February 2016.

Payment processor debtor days (excluding retention balances):

	2015 €000's	2014 €000's
On revenue per income statement:		
Balance with payment processors (excluding retention balances)	17,854	18,359
Revenue	247,745	224,801
Debtor days (balances with payment processors/revenue x 365 days)	26 days	30 days

Retention balances relate to amounts held with payment processors required as security and do not relate to customer funds. Retentions amounted to €3,854,000 at 31 December 2015 (31 December 2014: €3,863,000).

12. CASH AND CASH EQUIVALENTS

	2015 €000's	2014 €000's
Cash and cash equivalents		
Bank balances	28,170	17,829
Held in the following currencies (in Euro equivalents at the reporting date):		
Euro	18,587	14,437
British Pounds	6,628	1,054
Danish Kroner	964	1,055
Czech Koruna	896	200
South African Rand	677	620
Other	418	463
	28,170	17,829
Balances with customers:		
– Restricted cash subject to regulator constraints	6,838	3,506
Balances with customers	6,838	3,506
Own funds	21,332	14,323
	28,170	17,829

13. TRADE AND OTHER PAYABLES

	2015 €000's	2014 €000's
Other trade payables	12,753	12,166
Accruals	19,263	14,611
	32,016	26,777

14. LOANS AND BORROWINGS

14.1 Interest bearing loan

On 4 September 2015, the Group entered into an agreement with Cerberus Business Finance LLC for a loan of up to €400m, in order to part-fund the proposed acquisition of bwin.party. Under the terms of the loan, a 'Hedging Loan' of up to €20m could be drawn down in advance of the acquisition, in order to fund a hedging arrangement for the conversion of the loan funds into GBP and to pay for initial costs including loan arrangement fees. Accordingly, €20m was drawn down immediately on entering into the contract. The balance of €380m was drawn down on 1 February 2016 and so was not recorded as a liability at the year end. The full amount of the loan is to be repaid by 4 September 2017.

IAS 39 Financial Instruments: Recognition and Measurement, states that all financial liabilities should initially be measured at their fair value and subsequently measured at amortised cost using the effective interest rate method. The effective interest has been calculated using the internal rate of return on the cash outflows across the period of the loan, which includes loan arrangement fees, loan servicing fees, interest and transaction costs such as legal fees.

14. LOANS AND BORROWINGS continued

14.1 Interest bearing loan continued

	Principal €000's	Effective interest €000's	2015 Total €000's
Loan balance at 1 January 2015	–	–	–
Initial drawdown	(20,000)	–	(20,000)
Initial costs and loan servicing fees paid	–	799	799
Interest instalments paid to 31 December 2015	–	625	625
Effective interest due to 31 December 2015 (note 4)	–	(1,245)	(1,245)
Loan balance at 31 December 2015	(20,000)	179	**(19,821)**

Split between:	
Current liabilities	–
Non-current liabilities	**(19,821)**

14.2 Non-interest bearing loan

As part of the Group's acquisition of Sportingbet PLC, a credit facility was made available to the Group by William Hill PLC. At 31 December 2015 the Group had drawn down €3,138,515 (£2,303,513) (2014: €5,867,084 (£4,590,832)) of this facility. The loan was revalued at the 31 December exchange rate of €1.3625.

IAS 39 Financial Instruments: Recognition and Measurement, states that all financial liabilities should initially be measured at their fair value and subsequently measured at amortised cost using the effective interest rate method. The loan has therefore been discounted at a rate of 4% and will be unwound over the period of the loan.

The facility is repayable in three instalments and should GVC declare dividends in excess of 58 €cents per share, William Hill is entitled to receive an accelerated repayment equal to the excess of the actual dividend over 58 €cents per share. The instalments as well as the impact of the discount are shown below:

	2015 Base Currency £000's	2015 Total €000's	2014 Base Currency £000's	2014 Total €000's
Loan balance at 1 January	4,591	5,867	6,862	8,256
Repayment during the year	(2,287)	(3,245)	(2,271)	(2,856)
Revaluation at 31 December exchange rate	–	516	–	467
Loan balance at 31 December	**2,304**	**3,138**	**4,591**	**5,867**
Undiscounted payments due within 12 months:	2,304	3,138	2,295	2,933
Undiscounted payments due between 12 and 24 months:	–	–	2,296	2,934
Loan balance before discount		**3,138**		**5,867**
Discount on recognition of the loan		(780)		(780)
Unwinding of discount to date		662		425
Loan balance at 31 December		**3,020**		**5,512**
Split:				
Current liabilities		**3,020**		**2,735**
Non-current liabilities		**–**		**2,777**

15. BETBOO DEFERRED CONSIDERATION

	2015 €000's	2014 €000's
Balance at 1 January	3,953	7,582
Unwinding of discount charged to income statement	54	710
Payments made	(2,401)	(4,339)
Balance at 31 December	1,606	3,953
Split (prior year restated):		
Current liabilities	1,606	2,347
Non-current liabilities	–	1,606

On 2 July 2009, the Group acquired the trade and assets of betboo.com, a leading South American internet gaming operator, offering bingo, casino, poker and a sports betting product. The terms of the acquisition were an initial payment of US$4 million (€2,840k) with the sellers able to earn up to a further US$26 million depending on performance.

On 23 February 2011, the Group announced a change in the terms of the earn-out. The costs of the revised earn-out were estimated using cash flow projections for the 4 years to 31 December 2014, and discounted using the estimated weighted average cost of capital of 21%.

On 1 October 2013 the Betboo business migrated to the Sportingbet trading platform, the payments terms of the earn-out changed from this date to the following:

- An earn-out dependent on certain revenue shares with a floor of €200,000 per month for the 40 months ending 31 January 2017. There are also further earn-out payments that stretch to the earlier of:
  - (a) the date on which the total earn-outs reach €21,381,227
  - (b) 40 months after 31 January 2017
- The total earn-out cap remains at €21,381,227, which we now expect to reach in August 2016.

The intangible assets acquired in the transaction and the impact of the revised earn-out are as follows:

	€000's
Acquisition price of Betboo	
Initial consideration	2,840
Deferred consideration	18,541
Total consideration	21,381
Acquisition costs	289
Original cost on acquisition	21,670

The deferred consideration has been discounted to reflect its fair value at the date of acquisition. The effect of this discount will be unwound over the period of the deferral with a charge to the income statement contained within interest expense. The expected impact of this over the earn-out period is shown below:

	Prior periods €000's	2014 €000's	2015 €000's	2016 €000's	Total €000's
Balance at 1 January	–	7,582	3,953	1,606	**–**
Deferred consideration	9,942	–	–	–	**9,942**
Unwinding of discount charged to income statement	7,824	710	54	11	**8,599**
Payments made	(10,184)	(4,339)	(2,401)	–	**(16,924)**
Payments anticipated	–	–	–	(1,617)	**(1,617)**
Balance at 31 December	7,582	3,953	1,606	–	**–**

15. BETBOO DEFERRED CONSIDERATION continued

Total payments to date and anticipated are as follows:

	Total €000's
At acquisition	2,840
Up to 31 December 2015	16,924
Anticipated future payments	1,617
Total (Cap = €21,381,227)	21,381

16. OTHER TAXATION PAYABLE

	2015 €000's	2014 €000's
Social security	760	695
Betting taxes	1,260	643
	2,020	1,338

17. COMMITMENTS UNDER OPERATING AND FINANCE LEASES

17.1 Finance Leases

In June 2014 the Group entered into a finance lease for the purchase of computer hardware and software together with support services for these, in addition to a lease taken out in June 2013. As at 31 December 2015 the life outstanding on the 2013 lease was five months and the 2014 lease was nine months. In January 2015 the Group entered into an additional finance lease for the purchase of hardware and software. The life outstanding on this lease at 31 December 2015 was one year.

Future minimum lease payments under finance leases at 31 December were:

31 December 2015	Within 1 year €000's	1 to 5 years €000's	Total €000's
Lease payments	705	–	705
Finance charges	(14)	–	(14)
Net present values	691	–	691

31 December 2014	Within 1 year €000's	1 to 5 years €000's	Total €000's
Lease payments	1,393	334	1,727
Finance charges	(31)	(7)	(38)
Net present values	1,362	327	1,689

Date lease taken out	Amount of finance provided €000's	Balance at 31 December 2015 €000's	Expiry date	Borrowing rate
June 2013	2,123	280	June 2016	8.5%
June 2014	605	67	September 2016	5.5%
January 2015	712	344	December 2016	8.9%
	3,440	691		

17.2 Operating Leases

The Group leases various offices under non-cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payments under non-cancellable leases are as follows:

	2015 €000's	2014 €000's
No later than one year	**1,255**	1,300
Later than one year and no later than five years	**574**	1,725
	1,829	3,025

18. SHARE CAPITAL AND RESERVES

18.1 Share Capital

On 21 May 2010 shareholders of Gaming VC Holdings S.A., approved a redomiciliation to the Isle of Man which resulted, pari passu, in shareholders receiving shares with a nominal value of €0.01 in GVC Holdings PLC. As a result of this transaction, GVC Holdings PLC acquired all the assets and liabilities of Gaming VC Holdings S.A. Arising from this transaction was the creation of a Merger Reserve. The various transfers into this reserve are shown in the Consolidated Statement of Changes in Equity.

At an Extraordinary General Meeting on 18 December 2015, the authorised share capital of the Company was increased to 350,000,000 ordinary shares.

The authorised and issued share capital is:

	2015 €000's	2014 €000's
Authorised		
Ordinary shares of €0.01 each		
At 31 December – 350,000,000 shares (2014: 80,000,000 shares)	**3,500**	800
Issued, Called Up and Fully Paid		
At 31 December – 61,276,480 shares (2014: 61,276,480 shares)	**613**	613

The issued share capital history is shown below:

	2004 to 2012	**2013**	**2014**	**2015**
Balance at 1 January	–	31,592,172	60,906,760	61,276,480
Shares issued on initial listing in 2004	31,135,762	–	–	–
Share options exercised by employees				
– at £1.00	233,333	–	26,667	–
– at £1.26	100,000	165,000	–	–
– at £1.29	123,077	31,513	–	–
– at £0.01	–	100,000	–	–
Share options exercised by third parties				
– at £2.36	–	–	343,053	–
Issue of shares for acquisition	–	29,018,075	–	–
Balance at 31 December	31,592,172	60,906,760	61,276,480	61,276,480

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. However, should the Company not be satisfied as to the true identity of the shareholders it can suspend the entitlement of those shareholders to a) vote at general meetings of the Company; and/or b) to receive dividends.

18. SHARE CAPITAL AND RESERVES continued

18.2 Reserves

	Share Capital €000's	Share Premium €000's	Merger Reserve €000's	Translation Reserve €000's	Retained Earnings €000's	**Total €000's**
At 1 January 2015	613	85,380	40,407	359	22,699	**149,458**
Result for the year	–	–	–	–	24,659	**24,659**
Dividends paid	–	–	–	–	(34,319)	**(34,319)**
Share option charge	–	–	–	–	509	**509**
Share options surrendered	–	–	–	–	(12,183)	**(12,183)**
At 31 December 2015	**613**	**85,380**	**40,407**	**359**	**1,365**	**128,124**

The 'Merger reserve' arose on the re-domiciliation of the Group from Luxembourg to the Isle of Man. It consists of the pre-redomiciliation reserves of the Luxembourg company plus the difference in the issued share capital (31,135,762 share at €0.01 versus 31,135,762 shares at €1.24).

Capital comprises total equity. The Group's capital management objectives are to ensure its ability to continue as a going concern and to provide an adequate return to shareholders and benefits to other stakeholders by pricing services commensurately with the level of risk, and maintaining an optimal capital structure to reduce the cost of capital. The Group's objective is to pay around 75% of its net operating cashflows to shareholders by way of dividends (see note 19).

In order to maintain or adjust the capital structure, the Company may issue new shares, return capital to shareholders, limit the amount of dividends paid, or sell assets.

Total equity employed at 31 December 2015 was €128.1 million (2014: €149.5 million).

19. DIVIDENDS

The dividend history for 2014 and 2015 is shown below:

Date declared	**Per share €c**	**Per share £p**	**Shares in issue**	**Amount €**	**Amount £**
09-Jan-14	11.50	9.5000	60,906,760	7,004,277	5,786,142
09-Apr-14	11.50	9.4340	60,906,760	7,004,277	5,745,944
09-Apr-14 (special)	4.50	3.6910	60,906,760	2,740,804	2,248,069
15-Jul-14	12.50	9.8700	61,276,480	7,659,560	6,047,989
22-Sep-14	12.50	9.7900	61,276,480	7,659,560	5,998,967
22-Sep-14 (special)	2.50	1.9600	61,276,480	1,531,912	1,201,019
Total in 2014	55.0	44.2450		33,600,390	27,028,130
12-Jan-15	12.50	9.6000	61,276,480	7,659,560	5,882,542
23-Mar-15	14.00	10.2900	61,276,480	8,578,707	6,305,350
23-Mar-15 (special)	1.50	1.1000	61,276,480	919,147	674,041
08-Jul-15	14.00	9.7575	61,276,480	8,578,707	5,979,053
08-Oct-15	14.00	10.3472	61,276,480	8,578,707	6,340,400
Total in 2015	**56.0**	**41.0947**		**34,314,828**	**25,181,386**

As a result of the acquisition of bwin.party and the combination of debt covenants and the intended restructuring of the Group, the Directors have not proposed any further dividends.

20. SHARE OPTION SCHEMES

At 31 December 2015, the Group had the following share options schemes for which options remained outstanding at the year end:

i. options were granted to third parties on 28 February 2013 as part of the Sportingbet PLC acquisition following underwriting commitments made at the time. The awards vested on the grant date and the options have the exercise price reduced by the value of any dividends declared up to the point of exercise. Of the 156,947 outstanding at 1 January 2015, none were exercised during the year ended 31 December 2015. These options were fully exercised on 12 February 2016 at a weighted average price of £1.263.

ii. a further grant of options to Directors and employees under the existing and already approved LTIP was made on 2 June 2014. Under this scheme, 125,000 options were forfeited during the year and as at 31 December 2015 3,325,000 share options remained outstanding. After the year end, 2,450,000 of these options were cancelled under the arrangements for the acquisition of bwin.party.

Under the terms of the share option plans the Group can allocate up to 16.8% of the issued share capital, although it must take allowance of the 752,923 shares in issue as a consequence of the exercise of share options.

The following options to purchase €0.01 ordinary shares in the Company were granted, exercised, forfeited or existing at the year end:

Date of Grant	Exercise Price	Existing at 1 January 2015	Granted in the year	Surrendered / forfeited in the year	Existing at 31 December 2015	Exercisable at 31 December 2015	Vesting criteria
21 May 2010	213p	1,600,000	–	(1,600,000)	–	–	Note a
28 Jan 2012	154.79p	1,600,000	–	(1,600,000	–	–	Note a
28 Feb 2013	233.5p	156,947	–	–	156,947	156,947	Note b
02 Jun 2014	1p	3,450,000	–	(125,000)	3,325,000	–	Note c
Total all schemes		**6,806,947**	**–**	**(3,325,000)**	**3,481,947**	**156,947**	

The existing share options at 31 December 2015 are held by the following employees:

Option price **Grant date**	**233.5p** **28-Feb-13**	**1p** **02-Jun-14**	**Total**
Kenneth Alexander	–	1,400,000	**1,400,000**
Richard Cooper	–	700,000	**700,000**
Lee Feldman (note d)	–	350,000	**350,000**
Third parties	156,947	–	**156,947**
Employees	–	875,000	**875,000**
	156,947	**3,325,000**	**3,481,947**

Note a: These options were granted under the 2010 scheme. The Company announced on 27 March 2015 that three of its directors surrendered 3,200,000 fully vested and "in the money" share options granted in 2010 and 2012 at the prevailing market price at the time (average of £1.83895). The surrender price was £4.46067, being the average of the middle market closing prices of the Company's shares for the thirty dealing days up to and including the date of surrender.

In light of the surrender of share options, described above, by Kenneth Alexander, Richard Cooper and Lee Feldman (the "Senior Team"), the Company has implemented a new retention plan for the Senior Team (the "Retention Plan"). The Retention Plan is focused on ensuring that the Senior Team are compensated for the surrender of their fully vested share options. Accordingly, each member of the Senior Team will receive cash payments which in total equal the "in-the-money" value of their surrendered share options. This payment of €12,183,000 is at the fair value of the vested equity instruments and is accounted for as a deduction from equity and recognition of the liability.

During 2015, the first of the 24 monthly Retention Plan payments was made, but all subsequent payments were put on hold pending the outcome of the proposed deal with bwin.party. The balance and maturity is shown below:

	2015 **€000's**
Value of share options surrendered	12,183
Payment in the year	(508)
Revaluation at 31 December 2015 exchange rate	31
Retention plan balance at 31 December 2015	11,706
Liability for cash-settled options under 2014 scheme	70
Balance at 31 December 2015	**11,776**
Split:	
Current liabilities	**9,740**
Non-current liabilities	**2,036**

Note b: These options were granted to third parties as part of the Sportingbet PLC acquisition following underwriting commitments made at the time. The awards vested on the grant date and the options have the exercise price reduced by the value of any dividends declared up to the point of exercise.

20. SHARE OPTION SCHEMES continued

Note c: These options were granted to certain Directors and employees. The awards will vest in full (and become exercisable) on the share price being equal to or exceeding £6.00 per share for a continuous period of 90 calendar days at any time from the date of grant. If there is a change of control, the awards will vest in full immediately unless the share price is less than £5.00 per share, in which case the Awards will lapse in full. The awards have been treated as vesting over a 3 year period. The directors' options under this scheme were cash cancelled after the year end on completion of the acquisition of bwin.party, and the after-tax proceeds re-invested in new GVC shares at 422p per share, the placing price.

Note d: These awards were issued on the same basis as the awards in Note c but were awarded as cash settled rather than equity settled options. The director's options under this scheme were cash cancelled after the year end on completion of the acquisition of bwin.party, and the after-tax proceeds re-invested in new GVC shares at 422p per share, the placing price.

The charge to the consolidated income statement in respect of these options in 2015 was €449,000 (2014: €736,000). Of the 2015 charge, €509,000 related to equity settled options and a net credit of €60,000 to cash settled options. The deduction from equity in respect of the cash payments to be made for the surrender of the vested equity instruments was €12,183,000.

20.1 Weighted Average Exercise Price of Options

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

	Weighted average exercise price 2015	Number of options 2015	Weighted average exercise price 2014	Number of options 2014
Outstanding at the beginning of the year	94p	6,806,947	191p	3,801,667
Granted during the year	–	–	1p	3,450,000
Exercised during the year	–	–	184p	(369,720)
Surrendered/bought out in the year	184p	(3,200,000)	213p	(75,000)
Forfeited in the year	1p	(125,000)	–	–
Outstanding at the end of the year	11p	3,481,947	94p	6,806,947
Exercisable at the end of the year		156,947		3,356,947

The options outstanding at 31 December 2015 have a weighted average contractual life of 8.4 years (2014: 5.9 years).

20.2 Valuation of Options

The fair value of services received in return for share options granted were measured by reference to the fair value of share options granted. With the exception of the options granted in 2014 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 all individuals was the average market price on grant date, with the exception of the options granted to third parties as part of the Sportingbet acquisition. These were priced at the amount the Group offered as consideration for the purchase.

The 2014 options were valued using a Monte Carlo model due to the performance conditions associated with the options. The 2014 cash-settled options have been revalued using a Monte Carlo model at 31 December 2015.

Fair value of share options and assumptions:

Date of grant	Share price at date of grant* (in £)	Exercise price (in £)	Expected volatility	Exercise multiple	Expected dividend yield	Risk free rate**	Fair value at measurement date (in £)
21 May 10	1.85	2.13	60%	2	17%	2.75%	0.39
21 May 10	1.85	0.01	60%	2	17%	2.75%	0.05
21 May 10	1.85	1.50	60%	2	17%	2.75%	0.59
28 Jan 12	1.67	1.5479	58%	2	20%	2.19%	0.33
28 Feb 13	2.375	2.335	60%	2	12.15%	0.572%	0.61
02 Jun 14 – equity settled	4.49	0.01	24%	n/a	10.00%	1.425%	0.41
02 Jun 14 – cash settled	4.49	0.01	21%	n/a	9.40%	0.52%	0.28

* *This is the bid price, not the mid-market price, at market close, as sourced from Bloomberg.*

** *The measurement of the risk-free rate was based on rate of UK sovereign debt prevalent at each grant date over the expected term of the option.*

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 with the exception of those issued in 2014 as noted above.

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's principal financial instruments as at 31 December 2015 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. During the year, the Group entered into a foreign currency option to hedge its exposure to the potential GBP funding requirement for the acquisition of bwin.party, which was to be part-funded by a Euro-denominated loan. Other than that, the Group did not use derivative financial instruments to hedge its exposure to foreign exchange or interest rate risks arising from operational, financing and investment activities. During 2015, the Group did not hold or issue derivative financial instruments for trading purposes.

21.1 Market Risk

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

21.2 Foreign Exchange Risk

Foreign exchange risk arises from transactions, recognised assets and liabilities and net investments in foreign operations. During the year, the Group entered into a foreign currency option to hedge its exposure to the potential GBP funding requirement for the acquisition of bwin.party, which was to be part-funded by a Euro-denominated loan. Other than that, the Group does not use foreign exchange contracts to hedge its currency risk. The Group dividend is declared in the Euro. Shortly before the dividend is due to be paid, the Company sells Euros and buys British Pounds for an amount equal to the dividend.

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

21.2.1 Analysis of the Statement of Financial Position by Currency

At 31 December 2015

	Euro €000's	GBP €000's	Other €000's	Total €000's
Non-current assets	**149,310**	**9,570**	**286**	**159,166**
Receivables and prepayments	11,745	9,923	12,950	34,618
Winunited option	3,808	–	–	3,808
Tax reclaimable	293	5,672	7	5,972
Other taxes reclaimable	6	6	–	12
Cash and cash equivalents	18,587	6,628	2,955	28,170
Total current assets	**34,439**	**22,229**	**15,912**	**72,580**
Trade and other payables	(5,927)	(18,898)	(7,191)	(32,016)
Balances with customers	(6,717)	(5,393)	(2,698)	(14,808)
Loans	–	(3,711)	–	(3,711)
Deferred consideration	(1,606)	–	–	(1,606)
Share option liability	–	(9,740)	–	(9,740)
Forward contract liability	(9,877)	–	–	(9,877)
Taxation payable	(7,251)	–	–	(7,251)
Other taxation liabilities	(731)	(1,128)	(161)	(2,017)
Total current liabilities	**(32,109)**	**(38,870)**	**(10,050)**	**(81,029)**
Net current assets/(liabilities)	**2,330**	**(16,641)**	**5,862**	**(8,449)**
Betit option	–	(736)	–	(736)
Interest bearing loan and borrowings	(19,821)	–	–	(19,821)
Share option liability	–	(2,036)	–	(2,036)
Total non-current liabilities	**(19,821)**	**(2,772)**	**–**	**(22,593)**
Total assets less total liabilities	**131,819**	**(9,843)**	**6,148**	**128,124**

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

21.2 Foreign Exchange Risk continued

21.2.1 Analysis of the Statement of Financial Position by Currency continued

At 31 December 2014

	Euro €000's	GBP €000's	Other €000's	Total €000's
Non-current assets	148,454	10,539	215	159,208
Receivables and prepayments	10,578	1,926	15,101	27,605
Tax reclaimable	1,593	2,332	–	3,925
Other taxes reclaimable	5	134	–	139
Cash and cash equivalents	11,320	4,533	1,976	17,829
Total current assets	23,496	8,925	17,077	49,498
Trade and other payables	(7,322)	(18,183)	(5,553)	(31,058)
Balances with customers	(6,366)	(4,298)	(2,372)	(13,036)
Deferred consideration	(2,347)	–	–	(2,347)
Taxation payable	(4,962)	(53)	1	(5,014)
Other taxation liabilities	(241)	(941)	(156)	(1,338)
Total current liabilities	(21,238)	(23,475)	(8,080)	(52,793)
Net current assets/(liabilities)	2,258	(14,550)	8,997	(3,295)
Betit option	–	(1,745)	–	(1,745)
Interest bearing loan and borrowings	–	(327)	–	(327)
Non-interest bearing loan and borrowings	–	(2,777)	–	(2,777)
Deferred consideration	(1,606)	–	–	(1,606)
Total non-current liabilities	(1,606)	(4,849)	–	(6,455)
Total assets less total liabilities	149,106	(8,860)	9,212	149,458

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. Management do not consider the impact of possible exchange rate movements based on current market conditions to be material to the net result for the year.

21.3 Interest Rate Risk

The Group earns interest from bank deposits. During the year, the Group held cash on deposits with a range of maturities of less than three months. The Group has a non-interest bearing loan (see note 14.2) which does not carry any interest rate risk. On 4 September 2015, the Group entered into an agreement with Cerberus Business Finance LLC for a loan of up to €400m, in order to part-fund the proposed acquisition of bwin.party. At 31 December 2015, the Group had €19.8 million of committed and drawn-down borrowing facilities under this loan arrangement, with a further €380.0 million of committed un-drawn facilities (2014: €nil). The interest on these loans is based on EURIBOR with a floor of 1%, plus a margin of 11.5%.

Management do not consider the impact of possible interest rate movements based on current market conditions to be material to the net result for the year or the equity position at the year end for either the year ended 31 December 2014 or 31 December 2015.

21.4 Credit Risk

The Group seldom has any significant concentrations of credit risk, with exposure spread over a large number of customers. The Group grants credit facilities to its customers and the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statement of Financial Position.

The Group has material exposure to credit risk through amounts owed by payment processors (third party collection agencies) of €21.7 million (2014: €22.2 million) and cash balances held with banking institutions of €28.2 million (2014: €17.8 million). The Group considers the credit risk associated with these balances to be low, having assessed the credit ratings and financial strength of the counter-parties involved. The Group is seeking to diversify its banking deposits to further reduce credit risk.

No provision for impairment has been made at 31 December 2015 (2014: €nil). No receivable amounts were past due date at 31 December 2015 (2014: €nil).

21.5 Liquidity Risk

At 31 December 2015, the Group had cash and cash equivalents of €28.2 million (2014: €17.8 million) and current assets are broadly in line with current liabilities. Within non-current liabilities, the balances are all due to be settled within two years. At the year end the Group had entered into a loan facility arrangement for a further €380.0 million, which was drawn down after the year end. Accordingly, the liquidity risk for the Group is forecast to increase in the short-term, having previously been low.

21.6 Maturity analysis

The following table sets out the maturities of financial liabilities:

	12 months or less €000's	1 – 2 years €000's
Trade payables and customer balances	27,561	–
Interest-bearing loans	–	19,821
Non-interest bearing loans	3,020	–
Deferred consideration	1,606	–
Forward contract liability	9,877	–
Share option liability	9,740	2,036
Betit option liability	–	736
Finance leases	691	–
	52,495	**22,593**

21.7 Fair Values

The carrying amounts of the financial assets and liabilities, including deferred consideration in the Statement of Financial Position at 31 December 2015 and 2014 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.

Financial assets and financial liabilities measured at fair value in the Statement of Financial Position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 31 December 2015 and 31 December 2014:

At 31 December 2015

	Level 1 €000's	Level 2 €000's	Level 3 €000's	Total €000's
Financial assets				
Available for sale financial asset	–	–	2,585	2,585
Winunited share option asset	–	–	3,808	3,808
	–	**–**	**6,393**	**6,393**
Financial liabilities				
Betit option liability	–	–	(736)	(736)
Forward contract liability	–	(9,877)	–	(9,877)
	–	**(9,877)**	**(736)**	**(10,613)**

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

21.7 Fair Values continued

At 31 December 2014

	Level 1 €000's	Level 2 €000's	Level 3 €000's	Total €000's
Financial assets				
Available for sale financial asset	–	–	3,801	3,801
	–	–	3,801	3,801
Financial liabilities				
Betit option liability	–	–	(1,745)	(1,745)
	–	–	(1,745)	(1,745)

There were no transfers between levels in 2015 or 2014.

Measure of fair value of financial instruments:

The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialists for complex valuations. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

The valuation techniques used for the available for sale financial asset, the Betit option liability and the Winunited option asset, classed as level 3 in 2015, are described in detail in notes 9 and 10.

The valuation technique for the forward contract was to value both the put and call elements at mid-market rates based on an expected maturity date of 29 March 2016.

21.8 Summary of Financial Assets and Liabilities by Category

The carrying amounts of the Group's financial assets and liabilities recognised at the reporting date are categorised as follows:

	2015 €000's	2014 €000's
Non-current assets:		
Available for Sale Financial Asset	2,585	3,801
Non-current assets	2,585	3,801
Current assets:		
Financial assets measured as loans and receivables:		
– Trade and Other receivables	23,079	23,833
– Cash and cash equivalents	28,170	17,829
Financial assets measured at fair value through profit or loss:		
– Winunited option asset	3,808	–
Current assets	55,057	41,662
Current liabilities:		
Financial liabilities measured at amortised cost:		
– Trade and other payables	(37,992)	(26,748)
– Non-interest bearing loans and borrowings	(3,020)	(2,735)
– Deferred consideration	(1,606)	(2,347)
Financial liabilities measured at fair value through profit or loss:		
– Forward contract liability	(9,877)	–
Current liabilities	(52,495)	(31,830)
Non-current liabilities		
Financial liabilities measured at amortised cost:		
– Interest-bearing loans and borrowings	(19,821)	(327)
– Non-interest loans and borrowings	–	(2,777)
– Share option liability	(2,036)	–
– Deferred consideration	–	(1,606)
Financial liabilities measured at fair value through profit or loss:		
– Betit option liability (level 3)	(736)	(1,745)
Non-current liabilities	(22,593)	(6,455)

22 RELATED PARTIES

22.1 Identity of Related Parties

The Group has a related party relationship with its subsidiaries and with its Directors and executive officers.

22.2 Transactions with Directors and Key Management Personnel

Karl Diacono is the Chief Executive Officer of Fenlex Corporate Services Limited, a corporate service provider incorporated in Malta. During the year ended 31 December 2015, Fenlex received €97,385 from the Group in relation to Company Secretarial and other matters arising in Malta (2014: €45,979).

Richard Cooper received dividends during the year of €934 (2014: €917). The wife of Richard Cooper received dividends during the year of €184,800 (2014: €171,417) in respect of her interest in the ordinary share capital of the Group.

Lee Feldman received dividends during the year of €79,265 (2014: €67,416) in respect of his beneficial interest in the ordinary share capital of the Group. Lee Feldman is the Managing Partner of Twin Lakes Capital, a private equity firm based in New York. During the year ended 31 December 2015, Twin Lakes Capital received €68,715 (2014: €31,435) in relation to office services.

Kenneth Alexander received dividends during the year of €69,264 (2014: €47,850). The wife of Kenneth Alexander received dividends during the year of €175,466 (2014: €172,333) in respect of her interest in the ordinary share capital of the Group.

22.3 Transactions with Directors and Key Management Personnel

Details of the remuneration of key management are detailed below:

	2015 €000's	2014 €000's
Short term employee benefits (Directors)	**8,915**	8,699
Short term employee benefits (Key Management)	**2,099**	1,934
Termination benefits	**808**	–
Share based payments	**522**	470
	12,344	11,103

Details of Directors' remuneration is given in the Report of the Remuneration Committee on page 29.

23. CONTINGENT LIABILITIES

The Group, through its trading websites, offers progressive jackpots on slot machines.

23.1 CasinoClub Progressive Jackpots

CasinoClub offers an equivalent system in which only its own customers participate. This means that CasinoClub make no contributions to the central fund as it builds up (since they are the only operator in the scheme, this would serve no purpose) and, should a CasinoClub customer win the progressive jackpot, there is no central fund to cover the payout so the cost of this would be taken directly to the Income Statement in the period in which it would be won.

Across 44 games, the total of the available jackpots at 31 December 2015 was €6.9 million (2014: 44 games and total available jackpot of €5.7 million). The single largest jackpot available amounted to €3.3 million (2014: €3.2 million).

The Group had one winner of a significant jackpot (2014: none), winning a prize of €226,000.

23.2 East Pioneer Corporation Guarantee

On 21 November 2011 the Group entered into a service agreement and guarantee relating to the acquisition by East Pioneer Corporation B.V. ('EPC') from Sportingbet PLC of Superbahis, a Turkish language website. The maximum contingent liability under this agreement at inception was €171 million. The Directors consider this has a fair value of €nil (2014: €nil).

The Group continues to provide back office and support services to EPC. Following the acquisition of Sportingbet PLC on 19 March 2013 the Group now receives all payments of amounts from EPC under the Business Purchase Agreement and other Transaction Documents and does not now offer any guarantee of payments to legal entities outside of the Group.

24. ACCOUNTING ESTIMATES AND JUDGEMENTS

The Directors discuss the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates.

In the application of the accounting policies, which are detailed in this note, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 estimates and assumptions, which 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.

24.1 Intangible assets

For all acquisitions management has recognised separately identifiable intangible assets on the Statement of Financial Position. These intangible assets have been valued based on expected future cash flow projections from existing customers. The calculations of the value and estimated future economic life of the assets involve, by the nature of the assets, significant judgement.

24.2 Impairment of Goodwill and Trademarks

Determining whether goodwill and trademarks with an indefinite useful life are impaired requires an estimation of the value-in-use of the cash-generating units. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and select a suitable discount rate in order to calculate present value. Note 8.2 provides information on the assumptions used in these financial statements.

The valuation work to assess the impairment of goodwill and intangible assets was conducted internally by management.

24.3 Available for sale asset

Where an entity holds, directly or indirectly through subsidiaries, less than 20 per cent of the voting power of an investee, it is presumed that the entity does not have significant influence and therefore an investment does not qualify as an associate unless such influence can be clearly demonstrated. Although the Group has a Director on the Board of BHL and has influence through its shareholding over the payment of dividends the Director does not participate in policy making decisions, and the entity is unlikely to be in a dividend paying position over the lifetime of the investment. The Group does not believe there is evidence to rebut the presumption it does not have significant influence over BHL and therefore the investment is not considered to be an associate and has been accounted for as an available for sale asset. Management apply judgement in evaluating the fair value of the available for sale asset, and any impairment to the value which is recognised in the income statement.

24.4 Receivables

Management apply judgement in evaluating the recoverability of receivables including balances with payment processors. To the extent that the Board believes receivables not to be recovered they have been provided for in the financial statements.

24.5 Winunited

In 2015 GVC contracted with Winunited Limited for the day-to-day back office operations of the Winunited business. The Group are responsible for setting the odds and running the games, using internal expertise and based on the GVC platform. In addition, GVC take on proportionately more of the credit risk than Winunited. In management's opinion, the Group is acting as principal as it has exposure to the significant risks and rewards of the business and consequently recognise the full transactions within revenue.

Under the terms of the contract, the Group has a call option to purchase the Winunited assets. This has been valued based on a discounted cash flow and a multiples based calculation. Management have exercised judgement in forecasting the future cash flows of the business and the appropriate discount rates in arriving at the valuation.

The Group does not have any current shareholding in Winunited Limited and does not exercise managerial control over the business. Management have applied judgement in determining that the Group does not control Winunited and therefore does therefore not treat it as a subsidiary or an associate.

24.6 Open Bets

The Directors review the scale and magnitude of open bets frequently, and in particular at the reporting date. Management exercise judgement in assessing the fair value of the open bets position based on the actual or expected outcome of such events.

24.7 Betit call/put option

On 14 May 2014, the Group acquired a 15% stake in Betit Holdings Limited ('BHL') from Betit Securities Limited ('BSL').

The Group has a call option to acquire the balance of the outstanding shares. The call option can be exercised no earlier than 1 July 2017 and no later than 30 September 2017, and would be subject to further Maltese Gaming Authority clearance and the London Stock Exchange Rules. The minimum call option price is €70 million, and the actual price would be determined by the mix of revenues between regulated and non-regulated markets and certain multiples attaching thereto which at our current multiple levels would lead to the transaction being accretive for shareholders.

If the Group decides not to exercise its call option BSL may require the Group to acquire its shares in BHL at a price determined by the mix of revenues between regulated and non-regulated markets and certain multiples thereof (but absent any floor on the price). Completion of this purchase would be subject to certain conditions including the Group's ability to raise the necessary financing. Should the Group fail to raise the required financing, BSL may acquire the Group's shares in BHL for nominal consideration.

These options have been valued based on expected future cash flow projections and using a Monte Carlo valuation model. In addition there were two commercial factors relating to regulatory and financing matters which were not initially factored into this valuation model. The calculations of the options values and the estimated future economic life of the assets involve, by the nature of the assets, significant judgement. The Group has applied a discount based on the probability of the put option being fulfilled based on these commercial factors, of 15%, which requires significant judgement on behalf of management.

24.8 Share Options

Accounting for share option charges requires a degree of judgement over such matters as dividend yield, and expected volatility. Further details on the assumptions made by management are disclosed in note 20.

24.9 Embedded derivatives

The drawn-down loan contains embedded derivatives. The interest rate on the loan is EURIBOR, subject to a floor of 1%, plus a margin of 11.5%. The 1% floor represents an embedded derivative which has been valued at the year end. Management assess the value of this embedded derivative to be immaterial.

In addition, the loan may be repaid early but if it is repaid in the first year, there is an additional 'make-whole' premium. If it is repaid before the expiry date, the payment of the exit fees is brought forward but additional fees at the 12 month and 18 month date could be avoided. These options for early repayment have been grouped for the purposes of evaluating the embedded derivative. Management assess the combined value of these derivatives to be immaterial.

There are also embedded derivatives in the undrawn portion of the loan. In the opinion of management, these are outside the scope of recognition under IAS 39.

25. GOING CONCERN

The Group's business activities, together with the factors likely to affect its future performance and position are set out in the Chairman's, Chief Executive's and Group Finance Director's statements. Note 21 to the financial statements sets out the Group's financial risk management policies, and its exposure to credit risk and liquidity risk.

The Directors have assessed the financial risks facing the business, and compared this risk assessment to the net current assets position and dividend policy. The Directors have also reviewed relationships with key suppliers and software providers and are satisfied that the appropriate contracts and contingency plans are in place. The Directors have prepared income statement and cash flow forecasts to assess whether the Group has adequate resources for the foreseeable future.

The Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the consolidated financial statements.

26. SUBSEQUENT EVENTS

26.1 Acquisition of bwin.party

It is part of the core strategy for the Group to improve the quality and mix of the Group's earnings through acquisitions, especially where these increase the markets in which the Group trades and where there are opportunities for high levels of cash generation through synergies. On 1 February 2016, the Group acquired 100% of the share capital of bwin.party digital entertainment plc ("bwin.party"), an online gaming company traded on the Main Market of the London Stock Exchange and listed on the Official List (Premium Segment), for total consideration of €1,508.2 million as set out in the table below. The acquisition resulted in GVC obtaining control of bwin.party from 1 February 2016, and this will be accounted for as a business combination in the year ending 31 December 2016.

26. SUBSEQUENT EVENTS continued

26.1 Acquisition of bwin.party continued

The Group issued a prospectus on 13 November 2015 setting out the terms of the bid, which included an offer of 25p plus 0.231 new GVC shares for each bwin.party share. At the date of the acquisition, there were 843m bwin.party shares and 14m of share options and the closing price for GVC Holdings PLC shares on the previous day was £4.67. The total fair value of the consideration paid was €1,508.2 million as set out below:

	No of shares	Value £'000	Exchange rate	Value €'000
Total bwin.party shareholding	843,469,689			
GVC shares issued (0.231 per bwin.party share, at a price of £4.67)	194,841,498	909,910	1.3205	1,201,536
Cash payment (£0.25 per bwin.party share)		210,867	1.3205	278,450
Cash settled options		21,397	1.3205	28,255
Total consideration		1,142,174		1,508,241

The fair value of the assets and liabilities recognised at the date of acquisition, on a provisional basis, is set out in the table below:

	Fair value €000
Assets	
Intangible assets	636,899
Property, plant and equipment	43,555
Trade and other receivables	145,069
Cash	117,325
Total assets	942,848
Liabilities	
Trade and other payables	(157,597)
Client liabilities and progressive prize pools	(115,574)
Taxation	(113,379)
Total liabilities	(386,550)
Net assets	**556,298**
Fair value of consideration paid	1,508,241
Goodwill recognised	951,943
Business combination costs	**24,800**

The fair value of Trade and other receivables is €145.1 million and includes trade receivables with a fair value of €38.5 million. The gross contractual amount for trade receivables due is €40.0 million, of which €1.5 million is expected to be irrecoverable.

The goodwill consists of assembled workforce, future growth and business reputation.

All contingent liabilities have been provided for.

The total cost that will be recognised in the income statement is €9.6 million, being the business combination costs incurred in 2016.

The figures presented above are provisional due to the timing of the transaction.

The audited accounts for bwin.party digital entertainment plc for the year ended 31 December 2015 showed:

a. Total revenue of €576.4 million

b. Clean EBITDA of €108.5 million

c. Loss before tax of €40.2 million

d. Net assets of €499.6 million.

Following the acquisition, GVC expects to generate significant synergistic savings through integration and restructuring of operations. Plans include:

- The migration of GVC's Sportsbook onto bwin.party's technology platform, after which the GVC platform may cease operating
- The termination of all sponsorship programmes
- Restructuring bwin.party's casino and poker operations including integrating GVC's poker operation onto the bwin.party platform
- Operational efficiencies in customer services, IT and marketing functions
- Integration of some back office functions which may lead to headcount reductions

All plans are subject to consultation with employee representative bodies and other stakeholders.

The Group will also review non-core assets and may identify some for disposal in due course.

26.2 Funding for the acquisition

The cash element of the acquisition of bwin.party was funded through drawing down the balance of the Cerberus loan facility (see note 14).

The amount drawn down on the loan was a further €380.0 million. Of this, €365.0m was converted into GBP under a foreign currency option taken out in 2015. The GBP amount received was £260,719,500. For further details of the currency option, see note 3.1.1.

The loan is fully repayable on 4 September 2017.

26.3 Issuance of shares

On the same date as the acquisition of bwin.party, the Group issued additional shares at a price of 422p. The additional share capital consisted of 27,978,812 Placing shares, including the purchase by Directors of shares under the terms of the LTIP, and 7,566,212 Subscription shares. The cash consideration received for these shares was £150.0 million. The aggregate net proceeds of these shares of £145.1 million are to be used to fund re-organisational costs (c.£44m), repay existing debt facilities of bwin.party (c.£45m) and to fund working capital (c.£56.1m).

COMPANY FINANCIAL STATEMENTS (UNDER UK GAAP)

IN THIS SECTION

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GVC HOLDINGS PLC 91
COMPANY BALANCE SHEET 92
COMPANY STATEMENT OF CHANGES IN EQUITY 93
NOTES TO THE COMPANY FINANCIAL STATEMENTS 94

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GVC HOLDINGS PLC, COMPANY BALANCE SHEET, COMPANY STATEMENT OF CHANGES IN EQUITY AND NOTES TO THE COMPANY FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GVC HOLDINGS PLC

We have audited the parent company financial statements of GVC Holdings PLC for the year ended 31 December 2015 which comprise the Balance Sheet, Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101.

This report is made solely to the company's members, as a body. 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 Auditor

As explained more fully in the Statement of Directors' Responsibilities on page 36, the directors are responsible for the preparation of the parent company financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited consolidated financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing our audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its loss for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101.

Other Matter

We have reported separately on the group financial statements of GVC Holdings PLC for the year ended 31 December 2015.

Grant Thornton UK LLP
Chartered Accountants
London
22 April 2016

COMPANY BALANCE SHEET

for the year ended 31 December 2015

	Notes	**2015 €000's**	2014 €000's
Fixed assets			
Investments	3	**86,647**	152,364
Current assets			
Debtors	4	**142,315**	46,524
Winunited option asset	5	**3,808**	–
Cash at bank and in hand	6	**333**	137
		146,456	46,661
Total assets		**233,103**	199,025
Creditors: amounts falling due within one year	7	**(213,510)**	(132,227)
Net current liabilities		**(67,054)**	(85,566)
Total assets less current liabilities		**19,593**	66,798
Creditors: amounts falling due after more than one year	8	**(22,593)**	(4,522)
Net (liabilities)/assets		**(3,000)**	62,276
Capital and reserves			
Issued share capital		**613**	613
Share premium		**85,380**	85,380
Merger reserve		**40,407**	40,407
Retained earnings		**(129,400)**	(64,124)
Total equity		**(3,000)**	62,276

The Financial Statements from pages 92 to 101 were approved and authorised for issue by the Board of Directors on 22 April 2016 and signed on their behalf by:

K.J. Alexander
(Chief Executive Officer)

R.Q.M. Cooper
(Group Finance Director)

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2015

	Notes	Share Capital €000's	Share Premium €000's	Merger Reserve €000's	Retained Earnings* €000's	Total €000's
Balance at 1 January 2014		609	84,530	40,407	(30,660)	94,886
Share option charges**		–	–	–	552	552
Share options exercised		4	850	–	–	854
Dividend paid		–	–	–	(33,607)	(33,607)
Transactions with owners		4	850	–	(33,055)	(32,201)
Loss for the year		–	–	–	(409)	(409)
Total comprehensive income for the year		–	–	–	(409)	(409)
Balance as at 31 December 2014		613	85,380	40,407	(64,124)	62,276
Balance at 1 January 2015		613	85,380	40,407	(64,124)	**62,276**
Share option charges**	10	–	–	–	509	**509**
Share options surrendered	10	–	–	–	(12,183)	**(12,183)**
Share options exercised	10	–	–	–	–	**–**
Dividend paid	11	–	–	–	(34,319)	**(34,319)**
Transactions with owners				–	(45,993)	**(45,993)**
Loss for the year		–	–	–	(19,283)	**(19,283)**
Total comprehensive income for the year		–	–	–	(19,283)	**(19,283)**
Balance as at 31 December 2015		**613**	**85,380**	**40,407**	**(129,400)**	**(3,000)**

**the share option reserve included within retained earnings at 31 December 2015 amounted to a debit balance of €6,955,345, largely due to the surrender of fully vested share options during 2015, now recognised as a liability.*

***total share option charge per the income statement amounted to €449,231, the difference being a net credit to the cash settled share option expense of €59,282 which is not taken directly to retained earnings.*

All reserves of the Company are distributable, as under the Isle of Man Companies Act 2006 distributions are not governed by reserves but by the Directors undertaking an assessment of the Company's solvency at the time of distribution (section 49, Companies Act Isle of Man 2006).

The notes on pages 94 to 101 form part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2015

1. ACCOUNTING POLICIES

These financial statements were prepared in accordance with Financial reporting Standard 101 'Reduced Disclosure Framework'.

A summary of the significant accounting policies are set out below, these policies have been applied consistently to the periods presented, unless otherwise stated.

1.1 Basis of Preparation

The financial information has been prepared on the historical cost basis with the exception of those assets and liabilities which are carried at fair value, and in accordance with applicable Isle of Man law and United Kingdom accounting standards. During the year the Company adopted FRS 101 'Reduced Disclosure Framework' and has undergone transition from reporting under UK GAAP (UK Generally Accepted Accounting Practice). This transition is not considered to have a material effect on the financial statements. The Company intends to continue reporting under FRS 101 in the next financial year.

As permitted under FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, business combinations, financial instruments, fair values, presentation of a cash flow statement and certain related party transactions. Where required, equivalent disclosures are given in the consolidated financial statements.

1.2 Investments

Investments in subsidiary undertakings are stated at cost less amounts written off.

1.3 Foreign Currency Translation

The Company maintains its accounting records in Euro and the balance sheet and profit and loss account are expressed in this currency. Income and charges are translated at the exchange rates ruling at the transaction date. Fixed assets are valued using historical exchange rates. Other current assets and liabilities expressed in foreign currencies are translated into Euros at the rates of exchange in effect at the balance sheet date. Realised exchange gains and losses and unrealised exchange losses are recognised in the profit and loss account.

1.4 Fixed Assets

Investments in subsidiaries are shown as fixed assets in the Company balance sheet, and are valued at cost less any provision for impairment in value.

1.5 Share Based Payments

The Group has share option schemes which allow Group employees and contractors 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 are measured using either a binomial or Monte Carlo valuation model. This valuation method takes 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.

Payments made to repurchase or cancel vested awards are accounted for with the fair value of the options cancelled, measured at the date of cancellation being taken to retained earnings; the balance is taken to the income statement. Also on cancellation an accelerated charge would be recognised immediately.

1.6 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

1.6.1 Non-Derivative Financial Instruments

Non-derivative financial instruments comprise debtors, loans and borrowings, and trade and other creditors. 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 at amortised cost using the effective interest method. Provisions for impairment are made against financial assets if considered appropriate and any impairment is recognised in profit or loss.

1.6.2 Available for Sale Financial Assets (AFS)

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Company's AFS financial assets include the equity investment in BHL.

AFS financial assets are measured at fair value. Gains and losses are recognised in the statement of total recognised gains and losses, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss.

When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognised in the statement of total recognised gains and losses is reclassified to profit or loss. Interest calculated using the effective interest method and dividends are recognised in profit or loss within finance income.

For AFS equity investments impairment reversals are not recognised in profit loss and any subsequent increase in fair value is recognised in the statement of total recognised gains and losses.

1.6.3 Derivative Financial Instruments

Derivative financial instruments are accounted for at fair value through profit and loss (FVTPL). The options associated with the Company's investment in BHL are considered derivative financial instruments and are carried at their fair value which is re-measured at each reporting date. Any movements in fair value are taken to the profit and loss account.

1.6.4 Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

1.7 Going Concern

The accounts are prepared on a going concern basis, as there are available profits within subsidiaries which, when paid as dividends, will offset the net liabilities reported on the Balance Sheet.

2. PROFIT AND LOSS ACCOUNT

The loss for the year dealt with in the accounts of the Company was €19,283,000 (2014: loss of €409,000). The Company has not presented a separate profit and loss account. The loss in the year relates mainly to the exceptional costs incurred in relation to the acquisition of bwin.party.

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 31 December 2015

3. INVESTMENTS

	2015 €000's	2014 €000's
Investment in subsidiary undertakings		
At 1 January	**148,563**	148,563
Additions	**5**	–
Disposals	**(64,506)**	–
At 31 December	**84,062**	148,563

	2015 €000's	2014 €000's
Available for Sale Financial Asset		
At 1 January	**3,801**	5,394
Impairment	**(1,216)**	(1,593)
At 31 December	**2,585**	3,801
Total investments 31 December	**86,647**	152,364

During the year the Company disposed of its interests in Gaming VC Cyprus 1 Limited and Intera N.V. to another entity within the Group.

Available for sale asset

Where an entity holds, directly or indirectly through subsidiaries, less than 20 per cent of the voting power of an investee, it is presumed that the entity does not have significant influence and therefore an investment does not qualify as an associate unless such influence can be clearly demonstrated. On 14 May 2014, the Company acquired a 15% stake in Betit Holdings Limited ('BHL') from Betit Securities Limited ('BSL'). The consideration was for €3.5 million, which was attributed to both the available for sale asset (€5.2 million) and the option liability (€1.7 million) taken on at acquisition. The asset held for sale consideration, together with professional fees incurred at the time, amounted to a total upfront cost of €5.4 million which was impaired at 31 December 2014 to €3.8 million.

Although the Company has a Director on the Board of BHL and has influence through its shareholding over the payment of dividends the Director does not participate in policy making decisions, and the entity is unlikely to be in a dividend paying position over the lifetime of the investment. The Company does not believe there is evidence to rebut the presumption it does not have significant influence over BHL and therefore the investment is not considered to be an associate and has been accounted for as an available for sale asset.

The available for sale asset is required to be re-measured at fair value at each reporting date. Changes in the fair value will be recognised in other comprehensive income, except for impairment losses which are recognised through profit or loss as a deduction from clean EBITDA. The Company engaged a third party valuations specialist to value the asset.

In valuing the underlying business of BHL, a discounted cash flow model was used, applying a long-term growth rate of 2% (2014: 2%) to the Company's forecasts and a discount rate of 18% (2014: 18%) (based on comparison to industry peers and observable inputs). Based on this model, the value as at 31 December 2015 of the asset held for sale was €2.6 million, leading to an impairment of €1.2 million.

Subsidiaries

The significant subsidiaries of the Company are detailed below:

Subsidiary	Country of incorporation	Ownership interest 2015	2014
GVC Services B.V.*	Netherlands Antilles	100%	100%
Intera N.V.	Netherlands Antilles	100%	100%
Bluebell B.V. (previously GVC Sports B.V.)	Netherlands Antilles	100%	100%
GVC Administration Services Limited	England and Wales	100%	100%
Sportingbet Limited	England and Wales	100%	100%
Sportingbet (Management Services) Limited	England and Wales	100%	100%
Sportingbet (IT Services) Limited	England and Wales	100%	100%
Sportingbet (Product Services) Limited	England and Wales	100%	100%
Sporting Odds Limited	England and Wales	100%	100%
Interactive Sports (C.I.) Limited	Alderney	100%	100%
Longfrie Limited	Guernsey	100%	100%
Gaming VC Corporation Limited	Malta	100%	100%
Martingale Malta 2 Limited	Malta	100%	100%
Headlong Limited	Malta	100%	100%

**also has a branch registered in Israel*

4. DEBTORS

	2015 €000's	2014 €000's
Amounts owed by Group undertakings	131,067	43,022
Other debtors	3,310	3,344
Prepayments and accrued income	7,938	158
	142,315	46,524

5. WINUNITED OPTION ASSET

	2015 €000's	2014 €000's
Winunited option	3,808	–

On 24 March 2015, the Company contracted with Winunited Limited for the day-to-day back office operations of the Winunited business. Under the terms of the agreement, the Company obtained a call option to purchase the Winunited assets comprising goodwill, customers, licenses, brands and websites. The exercise period for the option is in the three months prior to the five year anniversary of the 24 March 2015. No consideration was paid for the call option.

At 31 December 2015 the option was valued by a third party valuation specialist using a Monte Carlo valuation model and two methodologies: a discounted cash flow and a multiples based calculation. A long-term growth rate of 2% was assumed, and a discount rate of 15% based on industry peers and observable inputs. Based on this model, the value of the call option at 31 December 2015 was €3.1 million. This increase in the fair value of the option has been recognised in the income statement in accordance with IAS 39.

6. CASH AT BANK AND IN HAND

	2015 €000's	2014 €000's
Bank balances	333	137

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 €000's	2014 €000's
Amounts due to Group undertakings	186,439	127,189
Non-interest bearing loan (see note 7.1 below)	3,020	2,735
Share option liability (note 10)	9,740	184
Forward contract liability	9,877	–
Other creditors	4,434	2,119
	213,510	132,227

7.1 Non-interest bearing loan

As part of the Company's acquisition of Sportingbet PLC, a credit facility was made available to the Company by William Hill PLC. At 31 December 2015 the Company had drawn down €3,138,515 (£2,303,513) (2014: €5,867,084 (£4,590,832)) of this facility. The loan was revalued at the 31 December exchange rate of €1.3625.

IAS 39 Financial Instruments: Recognition and Measurement, states that all financial liabilities should initially be measured at their fair value and subsequently measured at amortised cost using the effective interest rate method. The loan has therefore been discounted at a rate of 4% and will be unwound over the period of the loan.

The facility is repayable in three instalments and should GVC declare dividends in excess of 58 €cents per share, William Hill is entitled to receive an accelerated repayment equal to the excess of the actual dividend over 58 €cents per share.

The instalments as well as the impact of the discount are shown below:

	2015 Base Currency £000's	2015 Total €000's	2014 Base Currency £000's	2014 Total €000's
Loan balance at 1 January	4,591	5,867	6,862	8,256
Repayment during the year	(2,287)	(3,245)	(2,271)	(2,856)
Revaluation at 31 December exchange rate	–	516	–	467
Loan balance at 31 December	**2,304**	**3,138**	**4,591**	**5,867**
Undiscounted payments due within 12 months:	2,304	3,138	2,295	2,933
Undiscounted payments due between 12 and 24 months:	–	–	2,296	2,934
Loan balance before discount		3,138		5,867
Discount on recognition of the loan		(780)		(780)
Unwinding of discount to date		662		425
Loan balance at 31 December		**3,020**		**5,512**
Split:				
Current liabilities		**3,020**		**2,735**
Non-current liabilities		**–**		**2,777**

8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2015 €000's	2014 €000's
Interest bearing loan (see note 8.1 below)	19,821	–
Non-interest bearing loan (see note 7.1)	–	2,777
Share option liability (see note 10)	2,036	–
Betit option (see note 8.2 below)	736	1,745
	22,593	4,522

8.1 Interest bearing loan

On 4 September 2015, the Company entered into an agreement with Cerberus Business Finance LLC for a loan of up to €400m, in order to part-fund the proposed acquisition of bwin.party. Under the terms of the loan, a 'Hedging Loan' of up to €20m could be drawn on in advance of the acquisition, in order to fund a hedging arrangement for the conversion of the loan funds into GBP and to pay for initial costs including loan arrangement fees. Accordingly, €20m was drawn down immediately on entering into the contract. The balance of €380m was drawn down on 1 February 2016 and so was not recorded as a liability at the year end. The full amount of the loan is to be repaid by 4 September 2017.

IAS 39 Financial Instruments: Recognition and Measurement, states that all financial liabilities should initially be measured at their fair value and subsequently measured at amortised cost using the effective interest rate method. The effective interest has been calculated using the internal rate of return on the cash outflows across the period of the loan.

	2015 €000's
Loan balance at 1 January 2015	–
Initial drawdown	(20,000)
Initial costs and loan servicing fees paid	799
Interest instalments paid to 31 December 2015	625
Effective interest due to 31 December 2015	(1,245)
Loan balance at 31 December 2015	**(19,821)**

8.2 Betit option

On 14 May 2014, the Company acquired a 15% stake in Betit Holdings Limited ('BHL'). The Company has a call option to acquire the balance of the outstanding shares. The call option can be exercised no earlier than 1 July 2017 and no later than 30 September 2017, and would be subject to further Maltese Gaming Authority clearance and the Stock Exchange Rules. The minimum call option price is €70 million, and the actual price would be determined by the mix of revenues between regulated and non-regulated markets and certain multiples attaching thereto.

If the Company decides not to exercise its call option BSL may require the Company to acquire its shares in BHL at a price determined by the mix of revenues between regulated and non-regulated markets and certain multiples thereof (but absent any floor on the price). Completion of this purchase would be subject to certain conditions including the Company's ability to raise the necessary financing. Should the Company not raise the required financing, BSL may acquire the Company's shares in BHL for nominal consideration.

The Company engaged a third party valuations specialist to value the options using a Monte Carlo valuation model based on the enterprise value for BHL and modelling of the anticipated exercise price. In valuing the underlying business of BHL, a discounted cash flow model was used, applying a long-term growth rate of 2% (2014: 2%) to the Company's forecasts and a discount rate of 18% (2014: 18%) (based on comparison to industry peers and observable inputs). Based on this model, the fair value of the put and call options was a net liability of €0.7 million (2014: €1.7 million), leading to a movement in the fair value of €1.0 million.

9. CALLED UP EQUITY SHARE CAPITAL

On 21 May 2010 shareholders of Gaming VC Holdings S.A., approved a redomiciliation to Luxembourg which resulted, pari passu, in shareholders holding shares with a nominal value of €0.01 in GVC Holdings PLC. As a result of this transaction, GVC Holdings PLC acquired all the assets and liabilities of Gaming VC Holdings S.A. Arising from this transaction was the creation of a Merger Reserve, which is distributable.

At an Extraordinary General Meeting on 18 December 2015, the authorised share capital was increased to 350 million ordinary shares.

The authorised and issued share capital is:

	2015 €000's	2014 €000's
Authorised		
Ordinary shares of €0.01 each		
At 31 December – 350,000,000 shares (2014: 80,000,000 shares)*	**3,500**	800
Issued, Called Up and Fully Paid		
At 31 December – 61,276,480 shares (2014: 61,276,480 shares)	**613**	613

**The authorised share capital was increased as part of the Group's proposed acquisition of bwin.party*

9. CALLED UP EQUITY SHARE CAPITAL continued

The issued share capital history is shown below:

	2004 to 2012	2013	2014	2015
Balance at 1 January	–	31,592,172	60,906,760	61,276,480
Shares issued on initial listing in 2004	31,135,762	–	–	–
Share options exercised				
– at £1.00	233,333	–	26,667	–
– at £1.26	100,000	165,000	–	–
– at £1.29	123,077	31,513	–	–
– at £2.36	–	–	343,053	–
– at €0.01	–	100,000	–	–
Issue of shares for acquisition	–	29,018,075	–	–
Balance at 31 December	31,592,172	60,906,760	61,276,480	61,276,480

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. However, should the Company not be satisfied as to the true identity of the shareholders it can suspend the entitlement of those shareholders to receive dividends.

10. SHARE OPTION SCHEMES

The Company has the following share options schemes for which options remained outstanding at the year end:

i. options were granted to third parties on 28 February 2013 as part of the Sportingbet PLC acquisition following underwriting commitments made at the time. The awards vested on the grant date and the options have the exercise price reduced by the value of any dividends declared up to the point of exercise. Of the 156,947 outstanding at 1 January 2015, none were exercised during the year ended 31 December 2015. These options were fully exercised on 8 February 2016 at a weighted average price of £1.015.

ii. a further grant of options to Directors and employees under the existing and already approved LTIP was made on 2 June 2014. Under this scheme, 125,000 options were forfeited during the year and as at 31 December 2015 3,325,000 share options remained outstanding. After the year end, 2,450,000 of these options were cancelled under the arrangements for the acquisition of bwin.party.

Under the terms of the share option plans the Company can allocate up to 16.8% of the issued share capital, although it must take allowance of the 752,923 shares in issue as a consequence of the exercise of share options.

The following options to purchase €0.01 ordinary shares in the Company were granted, exercised, forfeited or existing at the year end:

Date of Grant	Exercise Price	Existing at 1 January 2015	Granted in the year	Surrendered/ forfeited in the year	Existing at 31 December 2015	Exercisable at 31 December 2015	Vesting criteria
21 May 2010	213p	1,600,000	–	(1,600,000)	–	–	Note a
28 Jan 2012	154.79p	1,600,000	–	(1,600,000)	–	–	Note a
28 Feb 2013	233.5p	156,947	–	–	156,947	156,947	Note b
02 Jun 2014	1p	3,450,000	–	(125,000)	3,325,000	–	Note c
Total all schemes		**6,806,947**	**–**	**(3,325,000)**	**3,481,947**	**156,947**	

The options outstanding at 31 December 2015 have a weighted average contractual life of 8.4 years (2014: 5.9 years).

The existing share options at 31 December 2015 are held by the following employees:

Option price	**233.5p**	**1p**	
Grant date	28-Feb-13	02-Jun-14	**Total**
Kenneth Alexander	–	1,400,000	**1,400,000**
Richard Cooper	–	700,000	**700,000**
Lee Feldman (note d)	–	350,000	**350,000**
Third parties	156,947	–	**156,947**
Employees	–	875,000	**875,000**
	156,947	**3,325,000**	**3,481,947**

Note a: These options were granted under the 2010 scheme. The Company announced on 27 March 2015 that three of its directors surrendered 3,200,000 fully vested and "in the money" share options granted in 2010 and 2012 at the prevailing market price at the time (average of £1.83895). The surrender price was £4.46067, being the average of the middle market closing prices of the Company's shares for the thirty dealing days up to and including the date of surrender.

In light of the surrender of share options, described above, by Kenneth Alexander, Richard Cooper and Lee Feldman (the "Senior Team"), the Company has implemented a new retention plan for the Senior Team (the "Retention Plan"). The Retention Plan is focused on ensuring that the Senior Team are compensated for the surrender of their fully vested share options. Accordingly, each member of the Senior Team will receive cash payments which in total equal the "in-the-money" value of their surrendered share options. This payment is at the fair value of the vested equity instruments and is accounted for as a deduction from equity and recognition of the liability.

During 2015, the first of the 24 monthly Retention Plan payments was made, but all subsequent payments were put on hold pending the outcome of the proposed deal with bwin.party. The balance and maturity is shown below:

	2015 €000s
Value of share options surrendered	12,183
Payment in the year	(508)
Revaluation at 31 December 2015 exchange rate	31
Retention plan balance at 31 December 2015	11,706
Liability for cash-settled options under 2014 scheme	70
Balance at 31 December 2015	**11,776**
Split:	
Current liabilities	**9,740**
Non-current liabilities	**2,036**

Note b: These options were granted to third parties as part of the Sportingbet PLC acquisition following underwriting commitments made at the time. The awards vested on the grant date and the options have the exercise price reduced by the value of any dividends declared up to the point of exercise.

Note c: These options were granted to certain Directors and employees. The awards will vest in full (and become exercisable) on the share price being equal to or exceeding £6.00 per share for a continuous period of 90 calendar days at any time from the date of grant. If there is a change of control, the awards will vest in full immediately unless the share price is less than £5.00 per share, in which case the Awards will lapse in full. The awards have been treated as vesting over a 3 year period. The directors' options under this scheme were cash cancelled after the year end on the acquisition of bwin.party, and the after-tax proceeds re-invested in new GVC shares.

Note d: These awards were issued on the same basis as the awards in Note c but were awarded as cash settled rather than equity settled options. The director's options under this scheme were cash cancelled after the year end on the acquisition of bwin.party, and the after-tax proceeds re-invested in new GVC shares.

11. DIVIDENDS

The dividends paid in the year were as follows:

Declaration date	EURO amount	GBP amount	2015 €000's
12 January 2015	0.125	0.0960	**7,660**
23 March 2015	0.140	0.1029	**8,581**
23 March 2015	0.015	0.0110	**919**
21 July 2015	0.140	0.0975	**8,579**
8 October 2015	0.140	0.1034	**8,580**
			34,319

All reserves of the Company are distributable, as under the Isle of Man Companies Act 2006 distributions are not governed by reserves but by the Directors undertaking an assessment of the Company's solvency at the time of distribution (section 49, Companies Act Isle of Man 2006).

ADDITIONAL UNAUDITED INFORMATION

	2011* €000's	2012* €000's	2013 €000's	2014 €000's	**2015 €000's**
Net gaming revenue	44,340	60,325	168,407	224,801	**247,730**
Contribution	20,550	36,476	102,631	123,288	**135,361**
Clean EBITDA	8,382	15,452	38,300	49,162	**54,077**
Operating profit	1,999	13,034	14,118	42,921	**27,748**
Profit before tax	(386)	10,830	13,014	41,291	**25,506**
Cash at the balance-sheet date	9,853	6,632	18,808	17,829	**28,170**
Total dividend declared (pence)	17.4p	17.99p	40.51p	42.61p	**20.10p**
Interim dividends (euro)	€0.10	€0.22	€0.325	€0.400	**€0.28**
Final dividend (euro)	€0.11	–	€0.160	€0.155	**–**
Total dividend (euro)	€0.21	€0.22	€0.485	€0.555	**€0.28**
Total dividend paid during the year (€'000's)	6,225	8,214	14,979	33,607	**34,319**

* *The results for the financial years 2011 and 2012 exclude the results of Betaland that has been disposed of. The results of this business have been discontinued.*

GVC Holdings PLC | www.gvc-plc.com

Incorporated in the Isle of Man under number 4685V