The multinational sports betting and gaming group

Annual Report 2014

GVC is financially focused on generating cash and returning a high proportion of this to shareholders by way of dividends

GVC is a multinational sports betting and gaming group, founded in 2004. It provides both B2B and B2C services to the online gaming and sports betting markets. Its core brands are now CasinoClub, Betboo and Sportingbet.

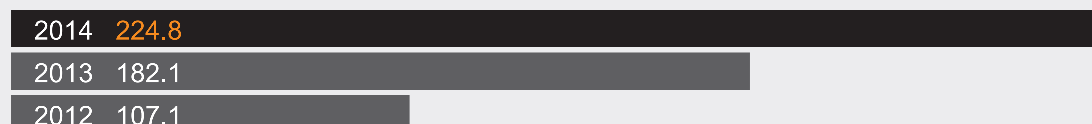
It has offices in Dublin, Malta, Tel Aviv, Guernsey, Montevideo, Manila and London. It is headquartered in the Isle of Man and across the group has over 700 co-workers.

Highlights

Total Proforma Revenues (€'000)

224,801

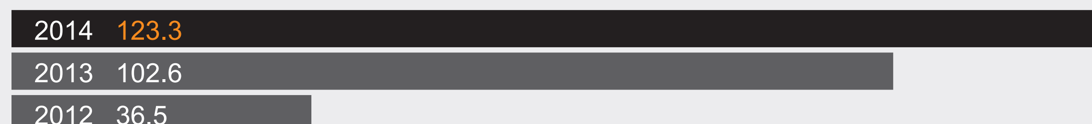
Annual growth of 23%



Contribution (€'000)

123,288

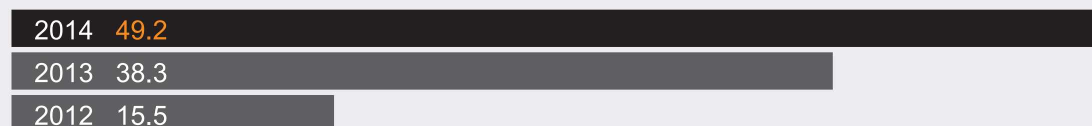
Annual growth of 20%



Clean EBITDA (€'000)

49,162

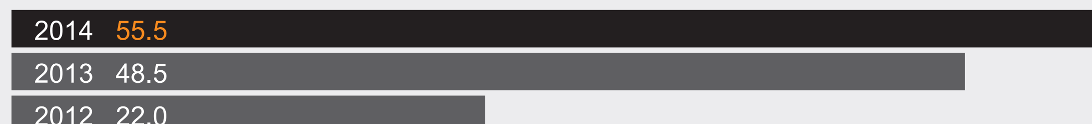
Annual growth of 28%



Dividend (€cents)

55.5

Increased by 14%



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DIRECTORS

Lee Feldman ***(age 47), 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. He is also the CEO and a board member of both MacKenzie-Childs and Jay Strongwater, the American luxury home furnishings and personal accessories companies. Lee was appointed the CEO of MacKenzie-Childs when Twin Lakes led the acquisition of the business in May 2008 and was appointed the CEO of Jay Strongwater when Twin Lakes formed Jay Strongwater LLC in August 2011. He is also a member of the board of directors of both PacificHealth 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.

Karl Diacono ***(age 52), Non-Executive Director – Chairman of the Audit Committee***
Karl joined GVC as a Non-executive Director in December 2008. He chairs the Audit Committee and serves on the Remuneration Committee. He holds a Masters Degree in Management and is currently CEO of Fenlex Corporate Services Limited, a corporate service provider based in Malta, and managing director of Impetus Europe Consulting Group. 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 payroll and administrative services. He is a Maltese citizen.

Kenneth J Alexander ***(age 45), 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 54), 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. 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.

Nigel Blythe-Tinker stepped down from the board on 17 January 2014.

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

Committees of the Board

The Board has both Audit and Remuneration Committees.

The Audit Committee, currently chaired by Karl Diacono, 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.

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 63 for further details.

ADVISORS

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FACTSHEET

GVC Holdings PLC is a leading online gaming company. The Company is incorporated in The Isle of Man and the Group's activities are licensed in Malta, UK, Denmark, South Africa, Alderney and the Dutch Caribbean. In the prior year the Group completed the acquisition of Sportingbet PLC in conjunction with William Hill PLC. Through a UK court Scheme of Arrangement, William Hill acquired from Sportingbet the Australian business together with certain other assets, including an option to acquire Miapuesta, Sportingbet's Spanish brand, which it subsequently exercised in 2013.

The Company is bound by the corporate laws of The Isle of Man, the Company's Articles of Association, the AIM 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 AIM 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. The website is updated no less frequently than once a month.

Definitions

Sports Gross Margin: Sports wagers less payouts.

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

Proforma Revenue: Being the underlying levels of the business as if the revenues of the B2B partner, East Pioneer Corporation B.V. were fully consolidated in the results of GVC for 2013.

Net Gaming Revenue ('NGR'): Sports Gross Margin, plus net gaming stakes less payouts winnings, less customer bonuses.

Contribution: Gross Margin less commissions, revenue share and marketing costs.

Clean EBITDA: Earnings before interest, taxation, depreciation, amortisation, impairment charges, 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 and net working capital movements, and exceptional items of a cash nature.

BUSINESS REVIEW

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CHAIRMAN'S STATEMENT

I am pleased to announce that 2014 has been a record year with excellent results. Increased and effective marketing in all territories led to: growth in Net Gaming Revenue (NGR), up 32% on 2013 to €225 million; Clean EBITDA up 28% to €49.2 million and Profit Before Tax increasing 217% to €41.3 million.

The Group is now generating over €1.5 billion a year in sports wagers, and total revenues in the 77 days of the first quarter of 2015 to 18 March 2015 exceeded €51 million, an average of more than €661k per day, up 18% on first quarter 2014 (€559k). The Group continues to be highly cash generative driving progress through organic growth and its proven track record of acquisitions. In the two years since the acquisition of Sportingbet on 19 March 2013, the Group has declared €63.5 million in dividends and its market capitalisation has risen 87% to close to £290 million*. I am also pleased to announce a further 15.5 €cents per share dividend today, including a 1.5 €cents special dividend. We look forward to presenting this for shareholder approval at the AGM. GVC is ranked as one of the highest yielding dividend payers on AIM.

Cash generation and its conversion into dividends continues to be central to the Group's focus. With GVC's strong performance for 2014 and the Board's confidence in the outlook for the current financial year, the Board therefore aims to set 14.0 €cents as its new quarterly dividend benchmark, and the 1.5 €cents per share special dividend in essence backdates this policy to January 2015. The record date for the dividend will be Friday 10 April. The "ex-div" date will be Thursday 9 April and the payment date will be 6 May 2015.

The Group's strategy is to increase shareholder returns through a combination of: high levels of cash generation through organic growth and acquisitions, redistributing this by way of dividends to shareholders; increasing the markets in which the Group trades to diversify geographic risk; and improving the quality and mix of the Group's earnings through strategic acquisitions and joint ventures. GVC has a proven ability of generating value through successful integration of significant acquisitions and management is confident this will continue. In the next 12 months, the Group aims to continue to improve the product offering, particularly mobile; continue growing the many markets in which the Group operates; and devote more executive time to non-dilutive investment and accretive acquisition opportunities.

The Group has a highly focused and entrepreneurial culture, supported by an employee bonus structure aligned with dividend levels. Moving into 2015, GVC is in the strongest position it has ever been, and the Group's wide spread of geographies and products position it at the forefront of many emerging and fast-growing markets which gives the Board confidence in the Group's prospects in 2015 and beyond.

As mentioned above, current trading (Q1 2015 to 18 March 2015) is at record levels, with sports wagers averaging €4.6 million per day, a sports margin of 8.9% and an average Net Gaming Revenue increasing by 18% to €661k per day compared to €559k in 2014, producing yet another quarter of growth. The Board is therefore confident of a successful 2015 as demonstrated by our proposed respective 14 €cents final and 1.5 €cents special dividends.

Lee Feldman
Chairman and Non-Executive Director
20 March 2015

** closing price on 19 March 2013 £2.49, closing price on 19 March 2015 £4.56.*

REPORT OF THE CHIEF EXECUTIVE

In 2014 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 series of significant increases over those achieved in 2013 across all key financial metrics as shown below.

	Percentage Increase	**2014 (€)**	2013 (€)
Sports wagers	**25%**	**1.5 billion**	1.2 billion
Proforma Revenue	**23%**	**225 million**	182 million
NGR	**32%**	**225 million**	170 million
Contribution	**20%**	**123 million**	103 million
Clean EBITDA	**28%**	**49.2 million**	38.3 million
Operating profit	**204%**	**42.9 million**	14.1 million
Profit before tax	**217%**	**41.3 million**	13.0 million
Basic EPS	**195%**	**66.4 cents**	22.5 cents
Dividends declared	**14%**	**55.5 cents**	48.5 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 2014 at €49.2 million which is 28% higher than the prior year, giving rise to Clean Net Operating Cash Flows of €42.6 million.

While the focus of 2013 was the integration of the transformational Sportingbet acquisition, 2014 was about identifying where GVC's products and services could be improved, positioning the Group for the 2014 World Cup and using this as an event to secure organic growth.

The World Cup was a resounding success for the Group. Not only was the four week event itself prosperous for the Group, particularly in the host country, Brazil, but the event led to a 'step-change' in the retention and acquisition of customers beyond the World Cup final in many of the territories in which the Group operates.

GVC invested approximately €7 million into marketing around the World Cup and reaped an immediate benefit in profitability which, following its policy on dividend distribution, allowed the Group in September 2014 to declare a special dividend of 1.5 €cents, and thus returned €1.5 million of the World Cup net profits (approximately €2 million) back to shareholders, in line with its stated dividend policy.

In line with its strategy for 2014, GVC invested in its products. These investments which totaled €3.3 million (2013: €4k) have been capitalised as required under IAS 38 'Intangible Assets'. Given that mobile is fast becoming the natural choice for players in many markets, continued investment in mobile is seen to be key to future success. In addition, GVC has broadened its games offering through third party integration. As stated previously, the ability to offer market leading in-play products is a significant milestone in unlocking additional organic growth opportunities. In addition, efforts in widening our payments capability and content to assist the expansion of our in-play market were key achievements as in-play represented 70% of Sports Gross Gaming Revenue ("GGR") in Q4 2014.

In order to continue the growth momentum achieved in 2014, the strategic product investments GVC plan for 2015 will be around 50% higher than 2014. We believe that increased investment will not only help maintain GVC's position in its current markets but also be accretive to revenue, as already evidenced by the growth in wagering and gaming revenues.

Average daily KPIs expressed in €000s	**Q1-2015***	**Q1-2014**	**Year on year change**	**Prior quarter history** Q2-2014	Q3-2014	Q4-2014
Sports wagers	**4,601**	**3,765**	**+22%**	**3,907**	**3,995**	**4,366**
Sports Margin %	*8.9%*	*10.0%*		*9.8%*	*10.5%*	*9.0%*
Sports GGR %**						
– In play	*73%*	*67%*		*59%*	*61%*	*70%*
– Mobile	*35%*	*21%*		*24%*	*28%*	*34%*
Sports NGR	**306**	**279**	**+10%**	**296**	**330**	**302**
Gaming NGR	**355**	**280**	**+27%**	**306**	**325**	**345**
Total NGR	**661**	**559**	**+18%**	**602**	**655**	**647**

** to 18 March 2015.*

*** wagers less payouts before bonuses.*

Sports margin percentages fluctuate daily depending on sports results, however GVC's combination of diversified geographies and the success of its in-play product mitigate this volatility. In 2014, the monthly gross margin ranged from a low of 8.3% to a high of 11.8% with an average of 9.8% (2013: 9.6%).

I am pleased to report that momentum has continued in Q1-2015 with sports wagers growing 22% to €4.6 million per day (Q1-2014 €3.8 million) and NGR growing 18% to €661k per day (Q1-2014 €559k).

GVC has also expanded its geographic diversification through its 15% stake in Scandinavian-facing start-up Betit. This business has had a strong start and its stake in this entity does allow the Group to acquire the balance in Q4-2017 for a minimum of €70 million providing that the profits of the entity are of sufficient scale to warrant the investment and would be immediately accretive to the Group. The results of Betit are not consolidated in our financial statements however as its stake has been accounted for as an available for sale asset.

The Group now has over 700 co-workers. GVC is proud that the bonus structure for all staff has a highly material relationship to dividend declarations and that this correlation to shareholders' interests allows GVC to incentivise its staff in a transparent way, which facilitates the retention and recruitment of talented people.

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

		Year ended 31 December 2014			Q1-2015*
				Per day	Per day
'Formula'		**€000's**	**€000's**	**€000's**	**€000's**
a	**Wagers**		**1,463,523**	**4,010**	4,601
b	**Margin %**		**9.8%**		
c = a x b	**Gross margin**		**143,544**		
d	Sports bonus		(33,345)		
e = c + d	**Sports NGR**		**110,199**		
f	**Gaming NGR across all brands**		**114,602**		
g = e + f	**TOTAL NGR**		**224,801**	**616**	661
h	Variable cost %		45.2%		
j = g x h	Variable costs		(101,513)		
k = g + j	**CONTRIBUTION**		**123,288**		
m	Other expenditure		(74,126)		
n = k + m	**CLEAN EBITDA**		**49,162**		
p = n / g	**CLEAN EBITDA %**		**21.9%**		
q	Capitalised development costs	(3,343)			
r	Net corporate taxes paid	(508)			
s	Working capital and other movements	(742)			
t	Capex and lease payments	(1,951)			
u = sum q-t	Total of additional operating cashflows		(6,544)		
v = n + u	**CLEAN NET OPERATING CASHFLOWS ('CNOC')**		**42,618**		
w = v / g	**NOC %**		**19.0%**		
y	**Dividends**		**(33,607)**		
z = y / v	**Dividends as a % of CNOC**		**78.9%**		

** to 18 March 2015.*

Net non-operating cash out-flows in 2014 amounted to just under €10 million. These included: the investment cost in Betit (€3.6 million); earn-outs payable under the 2009 acquisition of Betboo (€4.3 million); the first of three tranches of the repayment of the loan from William Hill (€2.8 million), offset by €0.8 million received on the exercise of options.

GVC's presence in frontier markets provide first mover advantage and exposure to high growth revenues. In addition increased regulation should allow GVC to achieve better co-operation with governments and therefore promotion of its products to an increased audience, so these developments should be positive for GVC and the industry in the long-term.

In the UK in particular the new tax-regime has increased headwinds for smaller and less diversified operators. The strength of GVC's diversified operations coupled with strong cash generation and cash control place the Group in an enviable position in the industry, although GVC is not immune to movements in rates of foreign exchange. In 2015, it is the intention that GVC will continue to build on its exceptional record of integrating strategic acquisitions and the focus will be on increasing the diversification of our revenues by targeting accretive acquisitions in regulated markets. However, should the right opportunity arise, we would also consider acquisition opportunities in unregulated markets.

I end my report on a very upbeat note – The Board believe the Group has never been in a stronger position than now; robust trading; diversified products and markets; highly motivated staff; and technological developments which will allow the Group to prosper. For this reason I am delighted to be able to announce a further increase in the quarterly dividend to 14.0 €cents per share plus a final special dividend of 1.5 €cents per share.

Kenneth Alexander
Chief Executive
20 March 2015

REPORT OF THE GROUP FINANCE DIRECTOR

SUMMARY

- The combination of the World Cup, higher sports margin and a full year of the acquired Sportingbet business led to NGR increasing by a third over 2013 to €225 million on wagers of €1.5 billion
- Contribution margin remained buoyant at 55% despite a considerable investment in marketing in the Latin America region, before, during and after the World Cup
- The clean EBITDA margin rose slightly over 2013 to 22% (€49.2 million) leading to a 28.4% increase for the year
- Operating profit at €42.9 million was 26.9% higher than 2013 (normalised to exclude exceptional items) despite a 4.6% increase in depreciation and amortisation resulting from purchases of equipment and capitalisation of development software
- Basic EPS rose to 66.4 €cents, up 195%
- CNOC as defined below in table 1, was €42.6 million out of which the Group distributed €33.6 million in dividends equal to a distribution ratio of 79% (2013: €18.1 million, dividend of €15 million, distribution ratio 83%)

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	2014	2013	Change	% change
Sports wagers	**1,463.5**	**1,169.5**	**294**	**25%**
Sports margin	**9.8%**	**9.6%**		
Sports revenue	110.2	90.8	19.4	21%
Gaming revenue	114.6	91.3	23.3	26%
Total proforma revenue	**224.8**	**182.1**	**42.7**	**23%**
Total NGR	**224.8**	**170.0**	**54.8**	**32%**
Contribution	**123.3**	**102.6**	**20.7**	**20%**
Contribution divided by PFR =	55%	56%		
Expenditure	**(74.1)**	**(64.3)**	**(9.8)**	**(15)%**
Clean EBITDA	**49.2**	**38.3**	**10.9**	**28%**
Clean EBITDA/proforma revenue	22%	21%		
Depreciation and amortisation	(3.9)	(3.7)	(0.2)	(5)%
Share option charges	(0.8)	(0.7)	(0.1)	–
Betit valuation charge	(1.6)	–	(1.6)	–
Finance charges	(1.6)	(1.1)	(0.5)	(45)%
PBT and exceptional items	**41.3**	**32.8**	**8.7**	**26%**
Exceptional items	–	(19.7)	19.7	–
Taxation	(0.7)	(0.7)		
Profit after taxation	**40.6**	**12.3**	**28.2**	**230%**

REPORT OF THE GROUP FINANCE DIRECTOR continued

In €millions	2014	2013	Change	% change
Basic, non dilutive EPS in €cents	66.4	22.5		195%
Dividend paid in the year / share in €cents	55.0	28.0		96%
Dividends declared for the year / share in €cents	55.5	48.5		14%
Clean net operating cashflows ("CNOC")	**42.6**	**18.1**		**135%**
Dividends paid	(33.6)	(15.0)		124%
Cash and cash in transit	**40.0**	**37.1**	**2.9**	**8%**
– Cash and cash equivalents	*17.8*	*18.8*		
– Balances with payment processors	*22.2*	*18.3*		
Customer liabilities	(13.0)	(13.3)	0.3	2%
Net current (liabilities)/assets	(0.9)	0.3	(1.2)	(400)%
Non-current liabilities	(8.8)	(14.0)		
– Interest bearing loans and borrowings	*(0.4)*	*(1.2)*		
– Non-interest bearing loan and borrowings	*(2.8)*	*(5.2)*		
– Deferred consideration on Betboo	*(3.9)*	*(7.6)*		
– Betit valuation liability	*(1.7)*	*–*		
Shareholder funds	**149.5**	**141.1**		
Number of shares in issue	61,276,480	60,906,760		
Number of shares under option	6,806,947	3,801,667		

REVENUES

Sports wagers grew 25% to €1,463.5 million (2013: €1,169.5 million). They averaged €4.0 million per day and rose to €4.4 million per day in Q4 (Q4-2013: €3.9 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 9.8% (2013: 9.6%) was achieved despite the industry-wide backdrop of 'punter-friendly' results in Q4-2014.

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

Customers have a variety of gaming opportunities ranging from Casino, through to Poker and, in certain markets, Bingo. Sports and gaming revenues are relatively equal now, and in 2014 Sports NGR represented 49% of proforma revenue and Gaming NGR represented 51%.

2014 saw a 24% increase in Proforma Revenues over 2013. In the prior year accounting standards required the third party contract with East Pioneer Corporation BV to be consolidated from 19 March 2013 whereas prior to this the results were not consolidated. To report a like-for-like figure to 2014, the Group uses Proforma Revenue as a measure. The difference between Proforma Revenue and NGR in 2014 was €nil (2013: €20 million).

Table 2: Average revenues per day since 1 January 2014

€000's	Q1-2015*	Q1-2014	Q2-2014	Q3-2014	Q4-2014
Sports wagers per day	4,601	3,765	3,907	3,995	4,366
Sports margin %	8.9%	10.0%	9.8%	10.5%	9.0%
NGR per day	661	559	602	655	647

* to 18 March 2015.

Average sports wagers per day have risen by 22% to €4.6 million in Q1-2015 compared to Q1-2014 (€3.8 million). NGR per day has increased by 18% over the same period.

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 manifest liability.

Contribution increased by 20% to €123.3 million, and a contribution margin percentage of 55% was achieved. (2013: Proforma contribution margin 56%).

EXPENDITURE

In the context of a growing business, absolute costs have increased from €64.3 million to €74.1 million, but cost ratios have improved to 60% down from 63%. Staff cost ratios remained level, despite one third of staff costs (2013: 20%) being performance related – chiefly based on Group dividend payments. This should be seen in the context of €33.6 million of dividends paid in 2014, an increase of 124% on the €15 million paid in 2013.

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

In €millions	2014	% of NGR	2013	% of NGR
Staff costs excluding performance pay	**29.2**	**13%**	25.6	15.1%
Technology and product content	**21.0**	**9.3%**	19.8	11.7%
Other costs	**10.0**	**4.4%**	12.4	7.3%
	60.2	**27%**	57.8	34.0%
Performance pay	**13.9**	**6.2%**	6.5	3.8%
	74.1	**32.3%**	64.3	37 .8%
Total staff costs	**43.1**	**19.2%**	32.1	18.9%

CLEAN EBITDA

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

Clean EBITDA rose 28.5% to €49.2 million (2013: €38.3 million), and a 22% margin on NGR was achieved, slightly higher than in 2013.

NON-CASH ITEMS OF AN ACCOUNTING NATURE

Depreciation of Property, Plant and Equipment rose in the year to €0.7 million (2013: €0.5 million) on total acquisitions of €0.9 million.

Amortisation of Intangible Assets amounted to €3.2 million (2013: €3.2 million) arising from either assets acquired through the Sportingbet acquisition or through the acquisition of additional software and software development costs required to run the Sportsbook platform.

Finance charges included an imputed debit (as per IAS 39) on the interest free loan from William Hill of €0.2 million. A rate of 4% has been used for the imputation. Other finance charges related to €0.7 million (2013: €1.7 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 and €67k (2013: €43k) in respect of finance charges on leased software assets.

Share option charges amounted to €0.7 million (2013: €0.7 million). The charge for 2014 represented the final accounting charges for the share options awarded in in 2010 and 2012, in addition to the charges arising from the share options awarded and announced on 2 June 2014. The Group has only 5.6 million share options granted to directors and officers (9.2% of the existing issued share capital although its permitted allocation is 16.8% of the issued share capital (page 354 of the January 2013 prospectus)). Of the charge in the current year, €0.5 million relates to equity settled options and €0.2 million relates to cash settled options with a corresponding liability recognised in the consolidated balance sheet.

Betit put option: The effect of valuing the Betit put option resulted in a €1.6 million charge in accordance with IAS 39 'Financial Instruments: Recognition and Measurement'.

EARNINGS PER SHARE

Table 4: Earnings per share

Basic EPS:	66.4 €cents (2013: 22.5 €cents)
Diluted EPS:	61.4 €cents (2013: 22.0 €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.

DIVIDENDS

Table 5: History of dividends paid and declared since 1 July 2013

Declaration date	Fiscal year 2013 €cents	Fiscal year 2014 €cents	Paid 2014 €cents	Payable 2015 €cents
1 July 2013	10.5	–	–	–
25 September 2013	10.5	–	–	–
9 January 2014	11.5	–	11.5	–
9 April 2014	16.0	–	16.0	–
15 July 2014	–	12.5	12.5	–
22 September 2014	–	15	15	–
12 January 2015	–	2.5	–	12.5
20 March 2015	–	15.5	–	15.5
	48.5	55.5	55.0	28.0

As previously announced, the Group is 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 79% in 2014 and 72% in 2013. Details of the Clean Net Operating Cashflow calculation are included in table 7.

Should the relevant resolutions be approved by shareholders, the final and special dividends totaling 15.5 €cents per share will be payable on 6 May 2015 to shareholders on the register at the close of business on Friday 10 April 2015. The shares will go ex-dividend on Thursday 9 April 2015.

NET CURRENT (LIABILITIES)/ASSETS

The net position is obviously affected by the timing of the dividend payments, which totaled €33.6 million during 2014 (2013: €15.0 million). Such is the strategy of the Group towards its dividend payments that GVC aims 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 6: Liquidity position as at 31 December 2014

	€000's	**€000's**
Restricted cash*		3,506
Add: cash in transit with payment processors		22,222
Total		25,728
Less: Customer balances		(13,036)
Surplus over customer liabilities		12,692
Free cash	14,323	
Trade payables	(12,166)	
		2,157
Loan Installments paid in 2014 to providers of lease finance		(1,362)
Installment payable to William Hill in December 2014	(2,933)	
Less imputed interest on William Hill loan	198	
		(2,735)
Corporate and other taxes reclaimable less payable		(1,089)
Other tax liabilities		(1,338)
Accruals, prepayments and other net current assets		(9,273)
Net current liabilities		(948)

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

SUMMARISED CASHFLOW

The Group's cashflow position for 2014 is summarised below:

Table 7: Summarised cash flow

	€000's	2014 €000's	€000's	2013 €000's
Clean EBITDA		**49,162**		**38,299**
Exceptional items		–		(19,711)
Capitalised software development		(3,343)		(4)
Net payment of corporate taxes		(508)		(437)
Equipment purchased and asset lease repayments		(1,951)		(37)
Working capital and other movements		(742)		2,719*
CLEAN NET OPERATING CASHFLOWS ("CNOC")		**42,618**		**20,829**
Dividends paid		**(33,607)**		**(14,979)**
Dividends as a % of CNOC		**79%**		**72%**
OTHER CASHFLOWS				
– Betboo earn-outs		(4,339)		(6,378)
– Investment in Betit		(3,649)		–
– Proceeds from exercise of share options		854		294
SPORTINGBET ACQUISITION CASHFLOWS				
– Capital contribution from William Hill	–		42,562	
– William Hill loan (installment)/draw-down	(2,856)		8,020	
– Cash acquired from Sportingbet	–		22,230	
– Bank loans to Sportingbet repaid at acquisition	–		(31,384)	
– Deficit in other net current assets of Sportingbet at acquisition*	–		(29,018)	
		(2,856)		12,410
		(979)		**12,176**
Cash and cash equivalents at the beginning of the year		18,808		6,632
Cash and cash equivalents at the end of the year		**17,829**		**18,808**
Amount, in €cents per share		**29.1**		**30.7**

**adjusted for the customer liabilities of €11.4m acquired at acquisition.*

NON-CURRENT LIABILITIES

These consist of four principal items; the deferred consideration on the 2009 acquisition of Betboo; the interest-free loan from William Hill; finances leases; and the Betit put option.

a.) Deferred consideration on Betboo

Under accounting rules, this item is a combination of gross amounts payable, €4.0 million at 31 December 2014, and which can vary, but are subject to a cap, and the "unwinding of the discount" €0.1 million and chargeable to the Income Statement.

Table 8: Analysis of Betboo deferred consideration

€ millions	Due to Founders	Acquisition costs	Sub total	Accounting discount	Total
Arising on acquisition	21.4	0.3	21.7	(8.6)	**13.1**
Charge to income statement					
– prior to 2013	–	–	–	(6.1)	**(6.1)**
– during 2013	–	–	–	(1.7)	**(1.7)**
– due in 2014	–	–	–	(0.7)	**(0.7)**
– due in future periods	–	–	–	(0.1)	**(0.1)**
Payments made					
– on acquisition	2.8	0.3	3.1	–	**3.1**
– up to 31.12.2012	3.8	–	3.8	–	**3.8**
– During 2013	6.4	–	6.4	–	**6.4**
– During 2014	4.3	–	4.3	–	**4.3**
Payments due					
– In 2015	2.4	–	2.4	–	**2.4**
– In 2016	1.7	–	1.7	–	**1.7**
Lifetime balances	21.4	0.3	21.7	(8.6)	**13.1**
Balances due at 31.12.2014	4.0	–	4.0	(0.1)	**3.9**

b.) Interest free loan from William Hill

As part of the Sportingbet acquisition there was a loan facility from William Hill of up to £15 million. As at 1 January 2014 the balance stood at £6.9 million of which £2.3 million was repaid in the year. The balance of £4.6 million was revalued to €5.9 million using the exchange rate prevailing at the year end of 1.28. £2.3 million (€2.9 million) is repayable in less than one year and thus accounted for as a current liability and the balance is shown on the balance sheet as a non-current liability. It is repayable in one further installment due on 30 June 2016. Should GVC declare dividends in excess of 58 €cents per share, William Hill are entitled to receive an accelerated repayment equal to the excess of the actual dividend over 58 €cents per share. Whilst the loan is interest free, IAS 39 requires the Group to account for imputed interest calculated at 4%.

Table 9: William Hill loan recognised in non-current liabilities

	2014 €000's
Gross amount of loan payable after one year	2,934
Imputed interest	(157)
Amount recognised in non-current liabilities	2,777

c.) Finance leases

This represents the lease finance taken-out for the purchase of software and similar underpinning the Sportsbook platform.

Table 10: Analysis of finance lease liabilities

	2014 €000's	2013 €000's
Property, plant and equipment capitalised	644	543
Software capitalised	1,133	827
	1,777	1,370
Hardware and software support to be expensed	951	753
Total amount financed	2,728	2,123
Finance charges	110	43
Payments made	(1,149)	–
Total amounts repayable to provider of lease finance	1,689	2,166
Payable in 2015 (included in current liabilities)	**1,362**	**945**
Payable in future periods (included in non-current liabilities)	**327**	**1,221**
	1,689	**2,166**

As identified in a, b, and c, the Group has additional cash out flows. The anticipated amounts (plus those actually incurred in 2013 and 2014) are shown in table 11 below:

Table 11: Liability cash outflows

In €000's	2013	2014	2015	2016
a.) Betboo deferred consideration	6,378	4,339	2,400	1,617
b.) William Hill loan repayment*	–	2,856	2,933	2,934
c.) Existing finance leases	–	1,149	1,362	327
	6,378	**8,344**	**6,695**	**4,878**
* in underlying GBP	–	2,287	2,287	2,287

d.) Betit

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 balance sheet. Based on the valuation at inception and at 31 December 2014, a net liability has been recognised of €1.7 million. The options are potentially exercisable, subject to certain conditions, in 2017 and are discussed in more detail below.

SUMMARY OF BALANCE SHEET MOVEMENTS

A bridge between the 2013 and 2014 balance sheets is shown below in table 12:

Table 12: Balance Sheet bridge

		Total €000's
At 1 January 2014		141,096
Profit before tax	41,291	
Tax charge	(728)	
		40,563
Share based payment charges on equity settled options		552
Share options exercised		854
Dividends paid		(33,607)
At 31 December 2014		**149,458**

During the year a total of 369,720 shares were issued. 26,667 shares were issued on 15 May 2014 for a consideration of £1.26 per share as a result of an exercise of Director's share options. 343,053 shares were issued on 1 July 2014 for a price of £1.89 per share as a result of an exercise of third party share options issued as part of the Sportingbet transaction in 2013.

TRADE INVESTMENT IN BETIT

On 14 May 2014, the Group announced that it had acquired a 15% stake in Betit Holdings Limited ('BHL'), a start-up gaming venture focusing on the Scandinavian markets headed up by a team of Scandinavian gaming market veterans from Betit Securities Limited ('BSL'). The stake was for €3.5 million, which, together with professional fees incurred at the time, amounted to a total upfront cost of €3.6 million. The investment was approved by the Maltese Gaming Authority (formerly known as the LGA) on 29 May 2014.

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 MGA clearance and compliance with the AIM 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 prevailing 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 raising the necessary financing. Should the Group not raise the required financing, BSL may acquire the Group's shares in BHL for nominal consideration.

Both of the above options are required to be carried at fair value in accordance with IAS 39. Commercially the put option can effectively be mitigated should the Group at that time not wish to acquire the full asset, by handing back the initial investment to BSL, yet this cannot be reflected in the fair value calculation although

the fair value has been discounted to reflect this. Accordingly, the put valuation results in a modest non-cash impairment. The options are required to be revalued at each reporting date.

CURRENCY EXPOSURES

During the year, the charge to Operating Costs within the Income Statement from realised and unrealised foreign exchange was €0.3 million. In addition the William Hill loan is denominated in Sterling (£4.6 million) and incurred an unrealised loss of €0.5 million included within Financial Expenses. 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.

Future trading updates and financial calendar

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

W/c 23 March 2015 – Publication of Report and Accounts on the Company's website, www.gvc-plc.com
7 April 2015 – Posting of R&As and Notice of AGM
5 May 2015 – AGM Trading Update, Result of AGM
6 May 2015 – Payment of Final Dividend
W/c 6 July 2015 – H1 Trading Update and announcement of dividend
W/c 18 August 2014 – Payment of quarterly dividend
W/c 21 September 2015 – Interim Results

Richard Cooper
Group Finance Director
20 March 2015

PRINCIPAL RISKS AND UNCERTAINTIES

Risk description	Potential impact	Mitigation
ECONOMIC RISK – Customer base becomes less confident about their financial prospects	Lower revenues and consequently profits	• Customer retention programmes • Broader geographic spread of products • Migration of third party costs to be aligned with revenues
REGULATORY RISK – Conflict between jurisdictions in which the customer resides and where the service is provided – Risk of criminal, civil and administrative enforcement action in jurisdictions where the Group generates business	Reduction in market size	• Diversified product portfolio • Strict adherence to the laws of the jurisdiction in which the service is provided • Close monitoring of regulatory developments and assessment of their longer-term impact
TAX CHANGES – Imposition of additional gaming or other indirect taxes	Lower profits	• May not be possible to mitigate • However, payment of additional taxes may create opportunities to work with governments and therefore gain market benefits
FINANCIAL – Foreign exchange risks	Lower or more volatile profits	• Group tries to match its income and cost exposures to create a natural hedge • Regular evaluation of low cost hedging opportunities
– Withdrawal of payment processing facilities	Short-term interruption of funds deposited by customers	• Multiple payment processing methods used by the Group
OPERATIONAL – Dependence on third party software	Reduction of revenue streams	• Long-term contracts entered into with suppliers of a good financial covenant
	GVC's CasinoClub website is highly dependent on Boss Media with whom it has a long-term contract	• In some cases it is not practicable to mitigate the software reliance risk without significant business and economic disruption
– Dependence on key personnel	Interruption of business continuity and loss of corporate knowledge	• Broader base of Executives below Board level

Risk description	Potential impact	Mitigation
OPERATIONAL continued		
– Loss of major introducer of business	Reduction of revenue streams	• Competitive revenue sharing models applied and monitored regularly. Key introducers are offered long-term revenue prospects with the Group
– Poor sports results	Lower or more volatile earnings	• Sports represents around 50% of the Group's NGR and sports results, are as a matter of policy not hedged as over the long-term they trend to the Group's expected margin percentage
– Abnormal jackpot wins	Lower or more volatile earnings	• Revenues from some business lines have a jackpot insurance scheme. Others do not have as a matter of policy
– Loss of major customer	Lower earnings	• Highly diversified customer base with many thousands of customers across all its brands
– Reliance on third party payment and multi-currency processing systems	Lower earnings	• Spreading of risk across a multitude of payment processors with varying deposit and withdrawal methods
COMPETITION RISK		
– The market place becomes more competitive via new entrants or by more attractive products available from those or existing competitors	Lower revenues	• Constant monitoring of the competitive landscape • Working with third party software providers where possible to enhance product offering
TECHNOLOGY RISK		
– The Group may be threatened by Denial of Service attacks or similar	Temporary disruption of service, blackmail demands	• Group has highly advanced preventive measures with world-class technology firms
– Hosting platforms may suffer critical failure	Temporary disruption of service, undermining of the confidence built with customers	

DIRECTORS' REPORT

The Directors present their report for GVC Holdings PLC and the audited financial statements for the year ended 31 December 2014.

Principal Activities

Gaming VC Holdings S.A. was the original holding company of the Group. GVC Holdings PLC was incorporated on 5 January 2010 in The Isle of Man. It took over the assets of Gaming VC Holdings S.A. after approval by the shareholders on 21 May 2010, and since then is the holding company of the Group. Gaming VC Holdings S.A. was subsequently liquidated.

Results and Dividends

The profit for the year attributable to ordinary shareholders after taxation amounted to €40,563,000 (2013: profit of €12,303,000).

The Company is incorporated under the 2006 Isle of Man Companies Act. This act does not require the Company to have 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 22 to 61. 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 2014 and are confident that this performance will continue to improve during 2015 and beyond.

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, which form part of their reports.

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	20 March 2015	31 December 2014	31 December 2013
Executive Directors			
K Alexander	87,000	87,000	87,000
R Cooper	1,667	1,667	–
Non-Executive Directors			
L Feldman	122,575	122,575	98,700
K Diacono	–	–	–

The spouse of K Alexander owned 313,333 Ordinary shares at 20 March 2015, 31 December 2014 and 31 December 2013.

The spouse of R Cooper owned 325,000 Ordinary shares at 20 March 2015 and 31 December 2014 and 300,000 Ordinary shares at 31 December 2013.

The Directors shareholdings represent 1.39% (2013: 1.31%) 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.

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 20 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.

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). 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.

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 UK 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
20 March 2015

Registered office: Milbourn House, St. Georges Street, Douglas, Isle of Man, IM1 1AJ

AUDITOR'S REPORT AND PRIMARY FINANCIAL STATEMENTS

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

We have audited the Group financial statements of GVC Holdings PLC for the year ended 31 December 2014 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, 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 the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 Directors' Responsibilities Statement on page 20, the Directors are responsible for the preparation of the Group financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the Group 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 Group financial statements sufficient to give reasonable assurance that the Group 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 Group 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 Group financial statements:

- give a true and fair view, of the state of the Group's affairs as at 31 December 2014 and of its profit for the year then ended; and
- have been properly prepared in accordance with 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 ended 31 December 2014.

Grant Thornton UK LLP
Chartered Accountants
London
20 March 2015

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2014

	Notes	**2014 €000's**	2013 €000's
Net Gaming Revenue	2	**224,801**	169,959
Cost of sales		**(101,513)**	(67,328)
Contribution	2	**123,288**	102,631
Operating costs (as below)	3	**(80,367)**	(88,513)
Other operating costs	3	**(74,126)**	(64,332)
Share option charges	3	**(736)**	(730)
Exceptional items	3	**–**	(19,711)
Depreciation and amortisation	3, 7, 8	**(3,912)**	(3,740)
Effect of valuing the Betit put option	9	**(1,593)**	–
Operating profit		**42,921**	14,118
Financial income	4	**16**	627
Financial expense	4	**(1,646)**	(1,731)
Profit before tax		**41,291**	13,014
Taxation expense	5	**(728)**	(711)
Profit after tax		**40,563**	12,303
Earnings per share		**€**	€
Basic	6	**0.664**	0.225
Diluted	6	**0.614**	0.220

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2014

	2014 €000's	2013 €000's
Profit for the year	**40,563**	12,303
Other comprehensive income		
Items that may subsequently be recycled to profit or loss:		
Exchange differences on translation of foreign operations	**–**	359
Total comprehensive income for the year	**40,563**	12,662

The notes on pages 27 to 61 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

at 31 December 2014

	Notes	**2014 €000's**	2013 €000's
Assets			
Property, plant and equipment	7	**1,147**	918
Intangible assets	8	**154,260**	153,850
Available for sale financial asset	9	**3,801**	–
Deferred tax asset	5	**–**	–
Total non-current assets		**159,208**	154,768
Trade and other receivables	11	**27,605**	23,579
Income taxes reclaimable	5	**3,925**	1,877
Other tax reclaimable		**139**	306
Cash and cash equivalents	12	**17,829**	18,808
Total current assets		**49,498**	44,570
Current liabilities			
Trade and other payables	13	**(26,961)**	(20,630)
Balances with customers		**(13,036)**	(13,298)
Interest bearing loans and borrowings	16	**(1,362)**	(945)
Non-interest bearing loan and borrowings	14	**(2,735)**	(2,514)
Income taxes payable	5	**(5,014)**	(2,722)
Other taxation payable	15	**(1,338)**	(4,182)
Total current liabilities		**(50,446)**	(44,291)
Current assets less current liabilities		**(948)**	279
Non-current liabilities			
Interest bearing loans and borrowings	16	**(327)**	(1,221)
Non-interest bearing loan and borrowings	14	**(2,777)**	(5,148)
Betit option liability	9	**(1,745)**	–
Deferred consideration on Betboo	10	**(3,953)**	(7,582)
Total non-current liabilities		**(8,802)**	(13,951)
Total net assets		**149,458**	141,096
Capital and reserves			
Issued share capital	17	**613**	609
Merger reserve	17	**40,407**	40,407
Share premium	17	**85,380**	84,530
Translation reserve	17	**359**	359
Retained earnings	17	**22,699**	15,191
Total equity attributable to equity holders of the parent		**149,458**	141,096

The financial statements from pages 22 to 61 were approved and authorised for issue by the Board of Directors on 20 March 2015 and signed on their behalf by:

K.J. Alexander
(Chief Executive Officer)

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

The notes on pages 27 to 61 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2014

Attributable to equity holders of the parent company:

	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 2013	316	40,407	611	–	17,137	58,471
Share option charges	–	–	–	–	736	736
Share options cancelled	–	–	–	–	(6)	(6)
Share options exercised	3	–	291	–	–	294
Issue of share capital for the acquisition of Sportingbet PLC	290	–	83,628	–	–	83,918
Dividend paid	–	–	–	–	(14,979)	(14,979)
Transactions with owners	293	–	83,919	–	(14,249)	69,963
Profit for the year	–	–	–	–	12,303	12,303
Other comprehensive income for the year	–	–	–	359	–	359
Total comprehensive income for the year	–	–	–	359	12,303	12,662
Balance as at 31 December 2013	**609**	**40,407**	**84,530**	**359**	**15,191**	**141,096**
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
Other comprehensive income for the year	–	–	–	–	–	–
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**

** the cumulative share option reserve included within retained earnings at 31 December 2014 amounted to €5,940,000.*

*** total share option charge per the consolidated income statement amounted to €736,000 the difference being the cash settled share option expense of €184,000 which is not taken directly to retained earnings.*

All reserves of the Company are distributable. 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.

The notes on pages 27 to 61 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASHFLOWS

for the year ended 31 December 2014

	Notes	**2014 €000's**	2013 €000's
Cash flows from operating activities			
Cash receipts from customers		**221,048**	173,885
Cash paid to suppliers and employees		**(172,668)**	(181,592)
Corporate taxes recovered		**1,256**	1,143
Corporate taxes paid		**(1,740)**	(1,580)
Net cash from operating activities		**47,896**	(8,144)
Cash flows from investing activities			
Interest received		**16**	33
Acquisition earn-out payments (Betboo)	10	**(4,339)**	(6,378)
Acquisition (net of cash acquired)		**–**	64,755
Investment in Betit	9	**(3,649)**	–
Acquisition of property, plant and equipment	7	**(802)**	(37)
Capitalised development costs	8	**(3,343)**	(4)
Net cash from investing activities		**(12,117)**	58,369
Cash flows from financing activities			
Non-interest bearing loan (from William Hill)	14	**(2,856)**	8,020
Proceeds from issue of share capital		**854**	294
Repayment of borrowings	16	**(1,149)**	(31,384)
Dividend paid	17	**(33,607)**	(14,979)
Net cash from financing activities		**(36,758)**	(38,049)
Net (decrease)/increase in cash and cash equivalents		**(979)**	12,176
Cash and cash equivalents at beginning of the year		**18,808**	6,632
Cash and cash equivalents at end of the year		**17,829**	18,808

The notes on pages 27 to 61 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, REPORT OF REMUNERATION COMMITTEE, COMPANY FINANCIAL STATEMENTS & ADDITIONAL UNAUDITED INFORMATION

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1. SIGNIFICANT ACCOUNTING POLICIES

This note from pages 28 to 61 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. 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 2014 comprise the Company and its subsidiaries (together referred to as the 'Group').

On the 19 March 2013 the Group completed the acquisition of Sportingbet PLC. Management views the enlarged group as having one business line which it has worked hard at integrating since acquisition. Within that one business line there are two distinct operating segments, Sports and Gaming. Gaming includes Casino, Poker and Bingo. As a result of the Sportingbet acquisition the revenues of East Pioneer Corporation B.V. are now fully consolidated into the Group.

The significant subsidiary undertakings of the Group are listed in note 22.

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 2014. 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 1.2.

1.2 Basis of Preparation

The financial information, which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, 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 2014, 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. 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 2014.

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.

1. SIGNIFICANT ACCOUNTING POLICIES continued

1.3 Basis of Consolidation continued

1.3.3 Business Combinations continued

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 remeasured 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 remeasured at subsequent reporting dates in accordance with IAS 39, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

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 balance sheet 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. 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 at the average exchange rates for the period unless exchange rates fluctuate significantly, in which case the spot rate for significant items is used. Exchange differences arising, 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 that is expected to benefit from the synergies of the combination.

A cash-generating unit 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 cash-generating unit 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 cash-generating unit, 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 balance sheet 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. SIGNIFICANT ACCOUNTING POLICIES continued

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 balance sheet 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.

1.9 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 19 for further details of the schemes.

1.10 Provisions

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

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. Until 19 March 2013 B2B income included amounts due for the provision of services to East Pioneer Corporation B.V. ("EPC"). The amounts have been shown as income as they represent normal trading transactions and match costs incurred by the Group as a result of providing services to EPC. A reconciliation of the NGR attributable to the B2B partner to the B2B income recognised in these financial statements is shown in note 2. From 19 March 2013 the results of EPC were fully consolidated into the Group following the acquisition of Sportingbet PLC as required under IFRS.

1.12 Financial Expenses

Financial expenses comprise interest payable on borrowings calculated using the effective interest rate method.

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

Current tax is the tax currently payable based on taxable profit for the year. Deferred income taxes are calculated using the liability method on temporary differences.

Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. 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 balance sheet 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 reviews 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.

Corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

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.

1. SIGNIFICANT ACCOUNTING POLICIES continued

1.17 Financial Instruments continued

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, cash and cash equivalents, loans and borrowings, and trade and other payables. Non-derivative financial instruments are recognised initially at fair value, plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured 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.

1.17.2 Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and any balances with payment processors that are repayable on demand. 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 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. 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 2014

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2014. Information on these new standards is presented below.

1.21.1 IFRS 10 'Consolidated Financial Statements' (IFRS 10)

IFRS 10 supersedes IAS 27 'Consolidated and Separate Financial Statements' (IAS 27) and SIC 12 'Consolidation-Special Purpose Entities'. IFRS 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore to change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged.

The Directors have reviewed the group's control assessments in accordance with IFRS 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

1.21.2 IFRS 11 'Joint Arrangements' (IFRS 11)

IFRS 11 supersedes IAS 31 'Interests in Joint Ventures' (IAS 31) and SIC 13 'Jointly Controlled Entities- Non-Monetary-Contributions by Venturers'. IFRS 11 revises the categories of joint arrangement, and the criteria for classification into the categories, with the objective of more closely aligning the accounting with the investor's rights and obligations relating to the arrangement. In addition, IAS 31's option of using proportionate consolidation for arrangements classified as jointly controlled entities under that Standard has been eliminated. IFRS 11 now requires the use of the equity method for arrangements classified as joint ventures (as for investments in associates).

The Directors have reviewed the group's interests in accordance with IFRS 11 and has concluded that there is no effect on the classification of any of the Group's investees held during the period or comparative periods covered by these financial statements.

1.21.3 IFRS 12 'Disclosure of Interests in Other Entities' (IFRS 12)

IFRS 12 integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities. The Directors do not consider there to be any 'other entities' that require disclosure in accordance with IFRS 12.

1.21.4 Consequential amendments to IAS 27 'Separate Financial Statements' (IAS 27) and IAS 28 'Investments in Associates and Joint Ventures' (IAS 28)

IAS 27 now only addresses separate financial statements. IAS 28 brings investments in joint ventures into its scope. However, IAS 28's equity accounting methodology remains unchanged.

1. SIGNIFICANT ACCOUNTING POLICIES continued

1.21 New and revised standards that are effective for annual periods beginning on or after 1 January 2014 continued

1.21.5 IFRIC 21 'Levies'

IFRIC 21 clarifies that:

- the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by the government's legislation. If this activity arises on a specific date within an accounting period then the entire obligation is recognised on that date
- the same recognition principles apply in the annual and interim financial statements. IFRIC 21 has no material effect on the annual financial statements but affects the allocation of the cost of certain property taxes between interim periods. The Group's past practice was to spread the cost of property taxes payable annually over the year, resulting in the recognition of a prepayment at interim reporting dates. The application of IFRIC 21 requires the Group to recognise the entire obligation as an expense at the beginning of the reporting period, which is the date specified in the relevant legislation.

IFRIC 21 has been applied retrospectively in accordance with its transitional provisions and had no material effect on the consolidated financial statements for any period presented.

1.21.6 Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

These amendments clarify the application of certain offsetting criteria in IAS 32, including:

- the meaning of 'currently has a legally enforceable right of set-off'
- that some gross settlement mechanisms may be considered equivalent to net settlement.

The amendments have been applied retrospectively in accordance with their transitional provisions. As the Group does not currently present any of its financial assets and financial liabilities on a net basis using the provisions of IAS 32, these amendments had no material effect on the consolidated financial statements for any period presented.

1.21.7 Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)

These amendments clarify that an entity is required to disclose the recoverable amount of an asset (or cash generating unit) whenever an impairment loss has been recognised or reversed in the period. In addition, they introduce several new disclosures required to be made when the recoverable amount of impaired assets is based on fair value less costs of disposal, including:

- additional information about fair value measurement including the applicable level of the fair value hierarchy, and a description of any valuation techniques used and key assumptions made
- the discount rates used if fair value less costs of disposal is measured using a present value technique.

The amendments have been applied retrospectively in accordance with their transitional provisions.

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 recently 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 2017. 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.

1.23 Restatements

The Group has restated the Consolidated Statement of Cashflows for the year ended 31 December 2013. The non-interest bearing loan from William Hill is now reflected in financing activities rather than investing activities. This has revised net cash from investing activities in 2013 to €58,369,000 from the previously stated €66,389,000 and net cash from financing activities to €(38,049,000) from the previously stated €(46,069,000).

The Group has restated the Consolidated Income statement to reflect income from customers previously netted-off with cost of sales, the impact of which is shown in the table below:

Year ended 31 December 2013	Original €000's	Restatements €000's	Restated €000's
Revenue	168,407	1,552	169,969
Cost of sales	(65,776)	(1,552)	(67,328)
Contribution	102,631	–	102,631

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:

	2014 €000's	2013 €000's
Europe	**197,442**	148,010
Latin America and Emerging Markets	**27,359**	21,949
Total	**224,801**	169,959

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 €148,454,000 (2013: €146,381,000) and the total located in other regions is €10,754,000 (2013: €8,387,000).

2. SEGMENTAL REPORTING continued

2.2 Reporting by Segment

The total deferred tax asset located in Europe is €nil (2013: €nil). There are no deferred tax assets in other regions.

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

	Notes	**2014 €000's**	2013 €000's
STATEMENT OF REVENUE			
Sports wagers		**1,463,523**	1,169,505
Sports margin		***9.8%***	*9.6%*
Gross margin		**143,544**	112,081
Sports NGR		**110,199**	90,823
Gaming NGR		**114,602**	91,302
		224,801	182,125
Revenue recognised by GVC		**224,801**	169,959
Revenue recognised by B2B partners (up until 19 March 2013)		**–**	12,166
Proforma Revenue		**224,801**	182,125
SEGMENTAL REPORTING			
Net Gaming Revenue		**224,801**	169,959
Variable costs		**(101,513)**	(67,328)
Contribution		**123,288**	102,631
Contribution margin		***55%***	*60%*
Proforma contribution margin		***55%***	*57%*
Other operating costs	3		
Personnel expenditure		**(43,055)**	(32,507)
Professional fees		**(4,489)**	(2,523)
Technology costs		**(20,991)**	(19,795)
Office, travel and other costs		**(5,248)**	(5,146)
Third party service costs		**(3)**	(2,427)
Foreign exchange differences		**(340)**	(1,934)
Clean EBITDA		**49,162**	38,299
Exceptional items	3	**–**	(19,711)
Share option charges	3	**(736)**	(730)
Effect of valuing the Betit put option	9	**(1,593)**	–
EBITDA		**46,833**	17,858
Depreciation and amortisation	3	**(3,912)**	(3,740)
Financial income	4	**16**	627
Financial expense	4	**(869)**	(11)
Finance lease interest	4	**(67)**	(43)
Unwinding of discount on deferred consideration	4	**(710)**	(1,677)
Profit before tax		**41,291**	13,014
Taxation	5	**(728)**	(711)
Profit after tax from continuing operations		**40,563**	12,303

	Notes	2014 €000's	2013 €000's
NET ASSETS			
Non-current assets		159,208	154,768
Current assets		49,498	44,570
Current liabilities		(50,446)	(44,291)
Net current (liabilities)/assets		(948)	279
Non-current liabilities		(8,802)	(13,951)
Net assets		149,458	141,096
Total assets		208,706	199,338
Total liabilities		(59,248)	(58,242)

2.2 Performance Summary by six month period

	€000's	Total €000's
Revenue		
H2-2014	**119,735**	
H1-2014	**105,066**	
FY-2014		**224,801**
H2-2013	96,777	
H1-2013	73,182	
FY-2013		169,959
Contribution		
H2-2014	**66,566**	
H1-2014	**56,722**	
FY-2014		**123,288**
H2-2013	57,081	
H1-2013	45,550	
FY-2013		102,631
Clean EBITDA		
H2-2014	**26,808**	
H1-2014	**22,354**	
FY-2014		**49,162**
H2-2013	20,499	
H1-2013	17,800	
FY-2013		38,299

3. OPERATING COSTS

	Notes	**2014 €000's**	2013 €000's
Wages and salaries, including Directors (excluding incentive schemes)		**21,744**	18,227
Incentive schemes, including Directors		**13,865**	6,549
Amounts paid to long term contractors		**3,270**	3,763
Compulsory social security contributions		**2,137**	1,794
Compulsory pension contributions		**627**	751
Health and other benefits		**758**	701
Recruitment and training		**654**	722
Personnel expenditure (excluding share option charges)		**43,055**	32,507
Professional fees		**4,489**	2,523
Technology costs		**20,991**	19,795
Office, travel and other costs		**5,251**	5,146
Third party service costs*		**–**	2,427
Foreign exchange differences		**340**	1,934
Other operating costs		**74,126**	64,332
Equity settled share option charges		**552**	730
Cash settled share option charges		**184**	–
Exceptional items	3.1	**–**	19,711
Effect of valuing the Betit put option	9	**1,593**	–
Depreciation	7	**675**	504
Amortisation	8	**3,237**	3,236
		80,367	88,513

** provided to Betboo by external providers*

3.1 Exceptional Items

The Group incurred expenditure on exceptional items (as defined in accounting policy note 1.13) of €nil (2013: €19,711,000). These are items which are both exceptional in size and nature.

	Notes	**2014 €000's**	2013 €000's
Costs arising on the acquisition of Sportingbet PLC			
– Legal advice	a	**–**	3,428
– Nominated advisors	a	**–**	1,210
– Reporting accountants	a	**–**	938
– Other professional fees	a	**–**	822
Total of professional fees		**–**	6,398
– Underwriting	a	**–**	810
– Stamp duty and stock exchange fees	a	**–**	639
– Transaction success bonuses	a	**–**	1,444
Transaction costs		**–**	9,291
Redundancies, retentions and similar	a	**–**	9,017
Contract buyouts	a	**–**	2,855
Restructuring costs		**–**	11,872
Economic benefit from the management of the Sportingbet Spanish business	b	**–**	(1,452)
		–	19,711

Note a: On 19 March 2013, the Group completed the acquisition of Sportingbet PLC. Professional fees attributable to the acquisition and subsequent costs restructuring the Sportingbet business were treated as exceptional items. Professional fees associated with the acquisition and incurred by Sportingbet amounted to €7,847,000. These were included in the acquisition balance sheet as liabilities.

Note b: As part of the Group's acquisition of Sportingbet PLC, a call option was granted to William Hill PLC over certain assets of Sportingbet's Spanish business. The call option assets were:

(i) the Spread Your Wings Spain PLC ("SYWS") Customer List;

(ii) the SYWS Customer Balances;

(iii) the entire issued share capital of SYWS; and

(iv) the entire issued share capital of Asesores en Tecnología y Diseño, S.L. ("ATD").

William Hill exercised the call option over all of the call option assets, as a result the Group was entitled to receive the economic benefit of the assets until 16 September 2013. The Group did not consider that it exercised control over the Spanish business in the prior period and its results were therefore not consolidated. The benefit to the Group arising from the management fee earned in the prior period was shown as exceptional income.

3.2 Employees

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

	2014	2013
Number of personnel		
With employment contracts or service contracts	507	556
Contractors	42	49
	549	605

4. FINANCIAL INCOME AND EXPENSE

	2014 €000's	2013 €000's
Discount arising on drawdown of non-interest bearing loan (see note 14)	–	780
Unwinding of discount on non-interest bearing loan (see note 14)	–	(186)
Net discount on non-interest bearing loan	–	594
Financial income – interest income	16	33
	16	627
Financial expense – interest payable		
– Unwinding of discount on non-interest bearing loan (see note 14)	(238)	–
– Finance lease interest (see note 16)	(67)	(43)
– Unwinding of discount on Betboo deferred consideration (see note 10)	(710)	(1,677)
– Foreign exchange revaluation	(627)	–
– Other expense	(4)	(11)
	(1,646)	(1,731)

4.1 Foreign exchange differences

On 1 January 2014 the functional currency of certain foreign operations was changed from GBP to EURO in order to reflect the primary economic environment where cash is generated and expensed. During 2013, due to a number of subsidiaries having a different functional currency to the group presentational currency, exchange difference of €359,000 were recognised in other comprehensive income. Due to the change in these functional currencies to Euros in 2014 no retranslation differences arose.

The foreign exchange differences above arose as follows:

	2014 €000's
Retranslation of the William Hill non-interest bearing loan	(467)
Retranslation of amounts due in respect of finance leases	(160)
	(627)

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 €728k (net of tax receivable amounts) at 31 December 2014 (2013: Current tax liability from continuing operations of €711k (net of tax receivable amounts)).

	2014 €000's	2013 €000's
Current tax expense		
Current year	**840**	524
Prior year	**(112)**	104
	728	628
Deferred tax		
Origination and reversal of temporary differences	**–**	83
Total income tax expense in income statement	**728**	711

The tax for the year is different from that which would result from applying the standard rate of Corporation Tax in the UK of 21.5% (2013: 23.25%). A reconciliation is shown below:

	2014	2013
Profit before tax	**41,291**	13,014
Income tax using the domestic corporation tax rate	**8,878**	3,025
Effect of tax rates in foreign jurisdictions (rates decreased)	**(8,430)**	(3,603)
Expenses not deductible for tax purposes	**36**	(293)
Utilisation of tax losses	**(261)**	(265)
Tax losses for which no deferred tax assets have been recognised	**1,693**	1,666
Adjustment in respect of prior years – corporation tax	**(112)**	104
Adjustment in respect of prior years – deferred tax	**–**	83
Capital allowances for the period in excess of depreciation	**(1,076)**	(6)
	728	711

** From 1 April 2014 the UK Corporation Tax rate changed from 23% to 21%.*

5.1 Taxation Amounts Recognised in the Balance Sheet

	Current Tax		Deferred Tax		
	Payable €000's	Receivable €000's	Asset €000's	Liability €000's	**Total €000's**
Balances at 1 January 2013	(1,185)	943	83	–	**(159)**
Paid/(received) during the year ended 31 December 2013	1,268	(832)	–	–	**436**
(Charge)/credit acquired on acquisition	(820)	409		–	**(411)**
Credit/(charge) in income statement for prior years	7	(111)	(83)	–	**(187)**
(Charge)/credit in income statement for the year ended 31 December 2013	(1,992)	1,468	–	–	**(524)**
Balances at 31 December 2013	**(2,722)**	**1,877**	**–**	**–**	**(845)**
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)**

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 trading tax losses remain available to offset against future trading profits of approximately €34.7 million (2013: €28.7 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.

	2014	2013
Profit for the year attributable to ordinary shareholders	**40,563,268**	12,303,000
Weighted average number of shares	**61,099,894**	54,586,391
Basic earnings per share (in €)	**0.664**	0.225
Exceptional items	**–**	19,711,000
Profit for the year attributable to ordinary shareholders before exceptional items	**40,563,268**	32,014,000
Basic earnings per share before exceptional items (in €)	**0.664**	0.586

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.

	2014	2013
Profit for the year attributable to ordinary shareholders	**40,563,268**	12,303,000
Weighted average number of shares	**61,099,894**	54,586,391
Effect of dilutive share options	**5,010,290**	1,419,914
Weighted average number of dilutive shares	**66,110,184**	56,006,305
Diluted earnings per share (in €)	**0.614**	0.220
Exceptional items	**–**	19,711,000
Profit for the year attributable to ordinary shareholders before exceptional items	**40,563,268**	32,014,000
Diluted earnings per share before exceptional items (in €)	**0.614**	0.572

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 2013	*–*	*750*	750	1,080	1,830
Additions	*543*	*37*	580	–	580
Acquisitions – Sportingbet PLC	*–*	*347*	347	–	347
Acquisitions – Gomifer S.A.	*–*	*63*	63	–	63
At 1 January 2014	*543*	*1,197*	1,740	1,080	**2,820**
Additions	*101*	*487*	588	316	**904**
At 31 December 2014	*644*	*1,684*	*2,328*	*1,396*	**3,724**
Depreciation					
At 1 January 2013	*–*	*319*	*319*	*858*	*1,177*
Depreciation charge for the year	*124*	*287*	*411*	*93*	*504*
Acquisitions – Sportingbet PLC	*–*	*182*	*182*	*–*	*182*
Acquisitions – Gomifer S.A.	*–*	*40*	*40*	*–*	*40*
Exchange differences	*–*	*(1)*	*(1)*	*–*	*(1)*
At 1 January 2014	*124*	*827*	951	951	**1,902**
Depreciation charge for the year	*198*	*321*	519	156	**675**
At 31 December 2014	*322*	*1,148*	1,470	1,107	**2,577**
Net Book Value					
At 31 December 2013	*419*	*370*	789	129	198
At 31 December 2014	*322*	*536*	858	289	**1,147**

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 2013	*–*	*17,380*	17,380	81,946	16,119	4,919	1,704	122,068
Additions	*827*	*4*	831	–	–	–	–	831
Acquisitions – Sportingbet PLC	*–*	*5,601*	5,601	84,221	946	–	675	91,443
Acquisitions – Gomifer S.A.	*–*	*17*	17	–	–	–	–	17
Exchange differences	*–*	*7*	7	–	–	–	–	7
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 31 December 2014	*1,133*	*26,350*	27,483	166,167	17,065	4,919	2,379	**218,013**
Amortisation and Impairment								
At 1 January 2013	*–*	*16,162*	16,162	33,274	782	4,919	1,491	56,628
Amortisation	*243*	*2,203*	2,446	–	313	–	477	3,236
Acquisitions – Sportingbet PLC	*–*	*645*	645	–	–	–	–	645
Acquisitions – Gomifer S.A.	*–*	*6*	6	–	–	–	–	6
Exchange differences	*–*	*1*	1	–	–	–	–	1
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 31 December 2014	*475*	*21,468*	21,943	33,274	1,311	4,919	2,306	**63,753**
Net Book Value								
At 31 December 2013	*584*	*3,992*	4,576	132,893	15,970	–	411	153,850
At 31 December 2014	*658*	*4,882*	5,540	132,893	15,754	–	73	**154,260**

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 2014 were as follows:

	2014 €000's	2013 €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.

	2014 €000's	2013 €000's
Net operating expenses	3,237	3,236

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 2014. 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 2015 and up to 31 December 2019. 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. Having performed appropriate sensitivity analysis on the key assumptions (including reducing the growth rate to nil and increasing the discount rate to 22%), 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 of 20% was used and a sensitivity analysis carried out including increasing the discount to 30%. It was concluded that the carrying value of the goodwill and trademarks was not impaired.

The following units have significant carrying amounts of goodwill:

	2014 €000's	2013 €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

	2014 €000's	2013 €000's
At 1 January	–	–
Additions	3,801	–
At 31 December	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 together with professional fees incurred at the time amounted to a total upfront cost of €3.6 million augmented by the net impact of the accounting of the option embedded in the contract – see below for explanation.

9. AVAILABLE FOR SALE FINANCIAL ASSET continued

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.

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 MGA clearance and the AIM 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 not raise the required financing, BSL may acquire the Group's shares in BHL for nominal consideration.

The above options are required to be carried at fair value through profit or loss in accordance with IAS 39 and are grouped in level 3 of the fair value hierarchy. 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 modeling 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% to the Group's forecasts at acquisition and a discount rate of 18% (based on comparison to industry peers and observable inputs). Based on this model, the fair value of the put and call options at inception was estimated to be €1.7 million liability, reflecting management's estimate of a 15% probability that the options will be effective.

The options have been recognised in the consolidated balance sheet within non-current liabilities, as part of the initial investment transaction. The consideration for the investment of €3.6million has been attributed to both the available for sale asset and the option liability taken on. This increases the value of consideration transferred in respect of the available for sale asset to €5.2 million, however, IAS 39 requires that financial assets are recognised initially at fair value plus attributable costs, therefore an impairment of €1.6 million has been recognised at inception. The carrying value of the asset at inception is therefore €3.8 million, and there has been no significant change in the fair value of the asset or the options as of the year-end.

Both the available for sale asset and the options are required to be re-measured at fair value at each reporting date. Changes in the fair value of the available for sale asset will be recognised in other comprehensive income, except for impairment losses which are recognised through profit or loss and will be reported within financing costs and therefore excluded from clean EBITDA.

10. BETBOO DEFERRED CONSIDERATION

	2014 **€000's**	2013 €000's
Balance at 1 January	**7,582**	12,283
Unwinding of discount charged to income statement	**710**	1,677
Payments made	**(4,339)**	(6,378)
Balance at 31 December	**3,953**	7,582

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. Under the new arrangements:

- From 1 July 2011 there will be 36 monthly payments of $156,944.
- From 31 January 2012, there will be four annual payments equal to 25% of the Betboo NGR earned in the previous fiscal year.

Management originally estimated the deferred consideration payable to be €8,963k, and the discount to be €4,076k, resulting in the discounted value being €4,887k. The revised earn out results in total deferred consideration increasing to €18,530k and the discount to €8,588k resulting in the new discounted value being €9,942k.

The fair values of the revised earn out has been 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.

- Four consecutive monthly payments, with the first being in October 2013, of one quarter of 25 per cent of the Net Gaming Revenue for the period commencing 1 January 2013 and ending on 30 September 2013.
- From 1 October 2013 there will be 9 monthly payments of €227,625 with the final payment in June 2014.
- 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

The above changes did not constitute a significant modification.

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

	2014 €000's
Acquisition price of Betboo	
Initial consideration	2,840
Deferred consideration	18,541
Total consideration	21,381
Acquisition costs	289
Fair value	**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	2013 €000's	**2014 €000's**	2015 €000's	2016 €000's	**Total €000's**
Balance at 1 January	–	12,283	7,582	3,953	1,606	**–**
Fair value of deferred consideration	9,942	–	–	–	–	**9,942**
Unwinding of discount charged to income statement	6,147	1,677	710	54	11	**8,599**
Payments made	(3,806)	(6,378)	(4,339)	–	–	**(14,524)**
Payments anticipated	–	–	–	(2,400)	(1,617)	**(4,017)**
Balance at 31 December	12,283	7,582	3,953	1,606	–	**–**

Total payments to date and anticipated are as follows:

	Total €000's
At acquisition	2,840
Up to 31 December 2014	14,524
Anticipated future payments	4,017
Total (Cap = €21,381,227)	21,381

11. RECEIVABLES AND PREPAYMENTS

	2014 €000's	2013 €000's
Balances with payment processors	22,222	18,270
Trade receivables	111	274
Other receivables	1,500	1,341
Loans and receivables	23,833	19,885
Prepayments	3,772	3,694
	27,605	23,579

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 2014 for goods or services which will be consumed after 1 January 2014.

Payment processor debtor days (excluding retention balances):

	2014 €000's	2013 €000's
On revenue per income statement:		
Balance with payment processors (excluding retention balances)	18,359	15,270
Revenue	224,801	169,959
Debtor days (balances with payment processors/revenue x 365 days)	30 days	33 days
On pro-forma revenue:		
Balance with payment processors (excluding retention balances)	18,359	15,270
Pro-forma revenue	224,801	182,125
Debtor days (balances with payment processors/revenue x 365 days)	30 days	31 days

Retention balances relate to amounts held with payment processors required as security and do not relate to customer funds. Retentions amounted to €3,863,000 at 31 December 2014 (31 December 2013: €3,000,000)

12. CASH AND CASH EQUIVALENTS

	2014 €000's	2013 €000's
Cash and cash equivalents		
Bank balances	17,829	18,808
Held in the following currencies (in Euro equivalents at the balance sheet date):		
Euro	14,437	6,587
US Dollars	4	752
British Pounds	1,054	8,428
Danish Kroner	1,055	1,531
Other	1,279	1,510
	17,829	18,808
Balances with customers:		
– Restricted cash subject to regulator constraints	3,506	13,298
Balances with customers	3,506	13,298
Own funds	14,323	5,510
	17,829	18,808

13. TRADE AND OTHER PAYABLES

	2014 €000's	2013 €000's
Other trade payables	12,166	9,586
Cash settled share option liability (refer to note 19)	184	–
Accruals	14,611	11,044
	26,961	20,630

14. 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 2014 the Group had drawn down €5,867,084 (£4,590,832) (2013: €8,255,619 (£6,861,956)) of this facility. The loan was revalued at the 31 December exchange rate of 1.28.

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:

		Amount in Euro's		
	Base Currency £000's	Total €000's	Current liabilities €000's	Non-current liabilities €000's
Loan balance at 1 January 2014	6,862	8,256		
Repayment of first instalment	(2,271)	(2,856)		
Revaluation at 31 December 2014 exchange rate	–	467		
	4,591	**5,867**		
(i) the second instalment by no later than 31 December 2015; and	2,295	2,933	2,933	–
(ii) by no later than 30 June 2016, the balance of the facility	2,296	2,934	–	2,934
Loan balance before discount	**4,591**	**5,867**	**2,933**	**2,934**
Discount on recognition of the loan	–	(780)	(623)	(157)
Unwinding of discount at 31 December 2014	–	424	424	–
Loan balance at 31 December 2014	**–**	**5,511**	**2,734**	**2,777**
Future discount	–	356	237	119
	4,591	**5,867**	**2,971**	**2,896**

15. OTHER TAXATION PAYABLE

	2014 €000's	2013 €000's
Employment related tax liabilities associated with Sportingbet	–	2,264
Social security	695	1,402
Betting taxes	643	516
	1,338	4,182

16. COMMITMENTS UNDER OPERATING AND FINANCE LEASES

16.1 Finance Leases

The Group in the year entered into a finance lease for the purchase of computer hardware and software together with support services for these, commencing in June 2014 in addition to the lease taken out in June 2013. As at 31 December 2014 the life outstanding on the 2013 lease was 1 years and 5 months and the 2014 lease was 2 years.

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

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

31 December 2013	Within 1 year €000's	1 to 5 years €000's	Total €000's
Lease payments	976	1,264	2,240
Finance charges	(31)	(43)	(74)
Net present values	945	1,221	2,166

Date lease taken out	Amount of finance provided €000's	Balance at 31 December 2014 €000's	Expiry date	Borrowing rate
June 2013	2,123	1,303	June 2016	8.5%
June 2014	605	386	Sept 2015	5.5%
	2,728	1,689		

16.2 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:

	2014 €000's	2013 €000's
No later than one year	1,300	2,030
Later than one year and no later than five years	1,725	1,440
	3,025	3,470

17. SHARE CAPITAL AND RESERVES

17.1 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, see page 24.

The authorised and issued share capital is:

	2014 €000's	2013 €000's
Authorised		
Ordinary shares of €0.01 each		
At 31 December – 80,000,000 shares (2013: 80,000,000 shares)	**800**	800
Issued, Called Up and Fully Paid		
At 31 December – 61,276,480 shares (2013: 60,906,760 shares)	**613**	609

The issued share capital history is shown below:

	2004 to 2011	**2012**	**2013**	**2014**
Balance at 1 January	–	31,469,095	31,592,172	60,906,760
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	31,469,095	31,592,172	60,906,760	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.

17.2 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 2014	609	84,530	40,407	359	15,191	**141,096**
Result for the year	–	–	–	–	40,563	**40,563**
Dividends paid	–	–	–	–	(33,607)	**(33,607)**
Share option charge	–	–	–	–	552	**552**
Share options exercised	4	850	–	–	–	**854**
At 31 December 2014	**613**	**85,380**	**40,407**	**359**	**22,699**	**149,458**

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.

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 2014 was €149.5 million (2013: €141.1 million).

18. DIVIDENDS

The dividend history from 2007 together with the dividend proposed by the Directors and paid after the balance sheet date, but up to the date on which these financial statements were approved are shown below:

Date declared	Per share €c		Per share £p	Shares in issue	Amount €	Amount £
01-May-07	19.30		13.0000	31,135,762	6,009,202	4,047,649
01-Oct-07	20.00		13.9000	31,135,762	6,227,152	4,327,871
		39.3				
01-May-08	20.00		15.9000	31,135,762	6,227,152	4,950,586
01-Oct-08	20.00		15.8300	31,135,762	6,227,152	4,928,791
		40.0				
01-May-09	20.00		17.7700	31,135,762	6,227,152	5,532,825
01-Oct-09	20.00		18.2600	31,135,762	6,227,152	5,685,390
		40.0				
01-Jun-10	50.00		41.9600	31,135,762	15,567,881	13,064,566
28-Sep-10	10.00		8.7700	31,135,762	3,113,576	2,730,606
		60.0				
28-Mar-11	10.00		8.8400	31,469,095	3,146,910	2,781,868
29-Sep-11	10.00		8.6600	31,469,095	3,146,910	2,725,224
		20.0				
25-May-12	11.00		8.7835	31,592,172	3,475,139	2,774,898
19-Sep-12	15.00		12.0900	31,592,172	4,738,826	3,819,494
		26.0				
25-Jan-13	7.00		5.8950	31,592,172	2,211,452	1,862,359
01-Jul-13	10.50		9.0658	60,748,427	6,378,585	5,507,331
25-Sep-13	10.50		8.8161	60,848,427	6,389,085	5,364,458
		28.0				
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	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	2.50		1.9600	61,276,480	1,531,912	1,201,019
		55.0				
15-Jan-15	**12.50**		**9.6000**	**61,276,480**	**7,004,277**	**5,882,542**
	332.30		270.9687		132,922,270	108,851,466

On 20 March 2015, the Directors proposed a final quarterly dividend of 14.0 €cents augmented by a special dividend of 1.5 €cents, to be payable on 6 May 2015 subject to shareholder approval at the Annual General Meeting on 5 May 2015.

19. SHARE OPTION SCHEMES

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

(a) a scheme was approved by shareholders on 21 May 2010 (the "21 May 2010 scheme") under which 1,600,000 share options remain outstanding. A further grant of options under the scheme to three directors was approved by shareholders on 16 November 2011 ("16 November 2011 scheme"). A total of 1,600,000 shares under this scheme were granted on 28 January 2012 at an exercise price of 154.79p. These options are fully vested.

(b) options were granted to third parties on 16 January 2013, 01 February 2013 and 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 500,000 granted, 343,054 were exercised during the year.

(c) a further grant of options to Directors and employees under the existing and already approved LTIP was made on 2 June 2014 under which 3,450,000 share options remain outstanding.

Under the terms of the share option plans the Group can allocate up to 16.8% of the issued share capital (page 345, paragraph 'overall limit' of the prospectus published in January 2013) 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, lapsed or existing at the year end.

Date of Grant	Exercise Price	Existing at 1 January 2014	Granted in the year	Bought out in the year	Exercised in the year	Existing at 31 December 2014	Exercisable at 31 December 2014	Vesting criteria
12 Dec 2008	126p	26,667	–	–	(26,667)	–	–	Note a
21 May 2010	213p	1,675,000	–	(75,000)	–	1,600,000	1,600,000	Note b
28 Jan 2012	154.79p	1,600,000	–	–	–	1,600,000	1,600,000	Note c
16 Jan 2013	233.5p	166,666	–	–	(166,666)	–	–	Note d
01 Feb 2013	233.5p	166,667	–	–	(166,667)	–	–	Note d
28 Feb 2013	233.5p	166,667	–	–	(9,720)	156,947	156,947	Note d
202 Jun 2014	1p	–	3,450,000	–	–	3,450,000	–	Note e
Total all schemes		**3,801,667**	**3,450,000**	**(75,000)**	**(369,720)**	**6,806,947**	**3,356,947**	

The existing share options at 31 December 2014 are held by the following employees:

Option price Grant date	213p 21-May-10	154.9p 28-Jan-12	233.5p 28-Feb-13	1p 02-Jun-14	Total
Kenneth Alexander	800,000	800,000	–	1,400,000	**3,000,000**
Richard Cooper	400,000	400,000	–	700,000	**1,500,000**
Lee Feldman (note f)	400,000	400,000	–	350,000	**1,150,000**
Third parties	–	–	156,947	–	**156,947**
Employees	–	–	–	1,000,000	**1,000,000**
	1,600,000	**1,600,000**	**156,947**	**3,450,000**	**6,806,947**

Note a: These awards were granted under the original scheme, on the first anniversary of the grant date, 25% of the option vests. Thereafter, the balance of the option vests over three years, at 1/36th per month.

Note b: These options were granted under the 2010 scheme, it is expected that the initial awards will vest over a three year period as follows; one third of the ordinary shares subject to each award will vest 12 months after the date of grant of the awards and the balance of the ordinary shares will vest in eight equal quarterly instalments over the following 24 months. Once vested, awards will normally be exercisable up to ten years from the date of grant at the end of which period they will lapse.

Note c: These options were granted under the 2010 scheme, it is expected that the initial awards will vest over a three year period as follows; one third of the ordinary shares subject to each award will vest 12 months after the date of grant of the awards and the balance of the ordinary shares will vest in eight equal quarterly instalments over the following 24 months. Once vested, awards will normally be exercisable up to ten years from the date of grant at the end of which period they will lapse.

Note d: 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 e: 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.

Note f: These awards were issued on the same basis as the awards in Note e but were awarded as cash settled rather than equity settled options.

The charge to the consolidated income statement in respect of these options (excluding bought out options) in 2014 was €736,000 (2013: €736,000) and a credit to the income statement of €nil (2013: €6,000) in respect of the bought out options. Of the 2014 charge €552,000 related to equity settled options and €184,000 to cash settled options.

19. SHARE OPTION SCHEMES continued

19.1 Weighted Average Exercise Price of Options

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

	Weighted average exercise price 2014	Number of options 2014	Weighted average exercise price 2013	Number of options 2013
Outstanding at the beginning of the year	191p	3,801,667	171p	3,698,180
Granted during the year	1p	3,450,000	233.5p	500,000
Exercised during the year	184p	(369,720)	84p	(296,513)
Bought out in the year	213p	(75,000)	10p	(100,000)
Outstanding at the end of the year	94p	6,806,947	191p	3,801,667
Exercisable at the end of the year		3,356,947		3,135,000

The options outstanding at 31 December 2014 have a weighted average contractual life of 5.9 years (2013: 4.7 years).

19.2 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.

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
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
16 Jan 13	2.335	2.335	60%	2	12.15%	0.572%	0.58
01 Feb 13	2.635	2.335	60%	2	12.15%	0.572%	0.76
28 Feb 13	2.375	2.335	60%	2	12.15%	0.572%	0.61
02 Jun 14	4.49	0.01	24%	n/a	10.00%	1.425%	0.41

* *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.

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's principal financial instruments as at 31 December 2014 comprise cash and cash equivalents. The main purpose of these financial instruments is to finance the Group's operations. The Group has other financial instruments which mainly comprise receivables and payables, which arise directly from its operations. Cash and cash equivalents and trade and other receivables have been classified as loans and receivables and trade and other payables, and deferred consideration as financial liabilities measured at amortised cost. During the year, the Group did not use derivative financial instruments to hedge its exposure to foreign exchange or interest rate risks arising from operational, financing and investment activities. The Group does not hold or issue derivative financial instruments for trading purposes.

20.1 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.

20.2 Foreign Exchange Risk

Foreign exchange risk arises from transactions, recognised assets and liabilities and net investments in foreign operations. The Group does not use foreign exchange contracts to hedge its currency risk. The Group dividend is declared in the Euro. Two weeks before the dividend is due to be paid, the Company sells Euro 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.

20.2.1 Analysis of the Balance Sheet by Currency

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)
Taxation payable	(4,962)	(53)	1	(5,014)
Other taxation liabilities	(241)	(941)	(156)	(1,338)
Total current liabilities	**(18,891)**	**(23,475)**	**(8,080)**	**(50,446)**
Net current assets/(liabilities)	4,605	(14,550)	8,997	(948)
Non-current liabilities				
– 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	(3,953)	–	–	(3,953)
Total assets less total liabilities	**149,106**	**(8,860)**	**9,212**	**149,458**

At 31 December 2013	Euro €000's	GBP €000's	Other €000's	Total €000's
Non-current assets	153,148	1,620	–	154,768
Receivables and prepayments	14,875	5,144	3,560	23,579
Tax reclaimable	1,877	–	–	1,877
Other taxes reclaimable	–	281	25	306
Cash and cash equivalents	6,587	8,428	3,793	18,808
Total current assets	23,339	13,853	7,378	44,570
Trade and other payables	(13,930)	(9,447)	(712)	(24,089)
Balances with customers	(5,767)	(1,710)	(5,821)	(13,298)
Taxation payable	(2,500)	(186)	(36)	(2,722)
Other taxation liabilities	(772)	(3,285)	(125)	(4,182)
Total current liabilities	(22,969)	(14,628)	(6,694)	(44,291)
Net current assets/(liabilities)	370	(775)	684	279
Non-current liabilities				
– Interest bearing loan and borrowings	–	(1,221)	–	(1,221)
– Non-interest bearing loan and borrowings	–	(5,148)	–	(5,148)
– Deferred consideration	(7,582)	–	–	(7,582)
Total assets less total liabilities	145,936	(5,524)	684	141,096

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

20.2 Foreign Exchange Risk continued

20.2.1 Analysis of the Balance Sheet by Currency continued

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.

20.3 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 had no committed borrowing facilities as at 31 December 2014 (2013: €nil).

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 2013 or 31 December 2014.

20.4 Credit Risk

The Group has seldom 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 balance sheet.

The Group has material exposure to credit risk through amounts owed by payment processors (third party collection agencies) of €22.2 million (2013: €18.3 million) and cash balances held with banking institutions of €17.8 million (2013: €18.8 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 2014 (2013: €nil). No receivable amounts were past due date at 31 December 2014 (2013: €nil).

20.5 Liquidity Risk

At 31 December 2014, the Group had cash and cash equivalents of €17.8 million (2013: €18.8 million) and considers liquidity risk to be low for the business. All financial liabilities at the year-end are due within one year, with the exception of the deferred consideration on Betboo.

20.6 Fair Values

The carrying amounts of the financial assets and liabilities, including deferred consideration in the Balance Sheet at 31 December 2014 and 2013 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 2014 and 31 December 2013:

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				
Betboo deferred consideration	–	–	(3,953)	(3,953)
Betit option liability	–	–	(1,745)	(1,745)
Non-interest bearing loan	–	(5,511)	–	(5,511)
	–	**(5,511)**	**(5,698)**	**(11,209)**

At 31 December 2013	Level 1 €000's	Level 2 €000's	Level 3 €000's	Total €000's
Financial liabilities				
Betboo deferred consideration	–	–	(7,582)	(7,582)
Non-interest bearing loan	–	(7,662)	–	(7,662)
	–	(7,662)	(7,582)	(15,244)

There were no transfers between levels in 2014 or 2013.

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 and the associated option liability classed as level 3 in 2014 are described in detail in note 9.

The valuation techniques for the Betboo deferred consideration and the non-interest bearing loan are described in detail in notes 10 and 14 respectively.

20.7 Summary of Financial Assets and Liabilities by Category

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

	2014 €000's	2013 €000's
Non-current assets:		
Available for Sale Financial Asset	**3,801**	–
Non-current assets	**3,801**	–
Current assets:		
Financial assets measured as loans and receivables:		
– Trade and Other receivables	**23,833**	19,885
– Cash and cash equivalents	**17,829**	18,808
Current assets	**41,662**	38,693
Current liabilities:		
Financial liabilities measured at amortised cost:		
– Trade and other payables	**42,550**	36,442
Non-current liabilities		
– Non-interest loans and borrowings	**2,777**	5,148
– Deferred consideration	**3,953**	7,582
– Betit option liability (level 3)	**1,745**	–
Non-current liabilities	**8,475**	12,730

21 RELATED PARTIES

21.1 Identity of Related Parties

The Group has a related party relationship with its subsidiaries (see note 22), with its Directors and executive officers and under the AIM rules with East Pioneer Corporation B.V (see note 24.7).

21.2 Transactions with Directors and Key Management Personnel

Nigel Blythe-Tinker is the Executive chairman of Pentasia Limited, a leading recruiter in the field of internet gaming. Pentasia did not provides services to the Group during the year ended 31 December 2014 (2013: €15,000). He stepped down from the board on 17 January 2014.

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 2014, Fenlex received €45,979 from the Group in relation to Company secretarial matters arising in Malta (2013: €49,968).

Richard Cooper received dividends during the year of €917 (2013: €350). The wife of Richard Cooper received dividends during the year of €171,417 (2013: €59,850) in respect of her interest in the ordinary share capital of the Group.

Lee Feldman received dividends during the year of €67,416 (2013: €23,786) 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 2014, Twin Lakes Capital received €31,435 (2013: €59,209) in relation to office services.

Kenneth Alexander received dividends during the year of €47,850 (2013: €nil). The wife of Kenneth Alexander received dividends during the year of €172,333 (2013: €106,003) in respect of her interest in the ordinary share capital of the Group.

21.2 Transactions with Directors and Key Management Personnel

Details of the remuneration of key management are detailed below:

	2014 €000's	2013 €000's
Short term employee benefits (Directors)	6,719	4,468
Short term employee benefits (Key Management)	1,934	2,447
Post employment benefits	–	–
Other long term benefits	–	–
Termination benefits	–	–
Share based payments	470	348
	9,123	7,263

Details of Directors' remuneration is given in the Report of the Remuneration Committee on page 63.

22. GROUP ENTITIES

Significant subsidiaries	Country of incorporation	Ownership interest 2014	2013
GVC Services B.V.*	Netherlands Antilles	100%	100%
Intera N.V.	Netherlands Antilles	100%	100%
GVC Sports B.V.	Netherlands Antilles	100%	100%
Gaming VC Corporation Limited	Malta	100%	100%
GVC Administration Services Limited	England and Wales	100%	100%
Sportingbet Limited	England and Wales	100%	100%
Interactive Sports (C.I.) Limited	Alderney	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%
Headlong Limited	Malta	100%	100%

** also has a branch registered in Israel*

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 2014 was €5.7 million (2013: 44 games and total available jackpot of €7.4 million). The single largest jackpot available amounted to €3.2 million from the slots game "Aladdin's Lamp" (2013: €3.0 million).

The Group had no winners of a significant jackpot.

23.2 East Pioneer Corporation B.V.

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 (2013: €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 Balance Sheet. 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 Customer liabilities

Customer liabilities represent cash held by the Group on behalf of customers. These are stated net of an allowance for uncollected dormant balances. Management apply judgement calculating the allowance by reference to player terms and conditions.

24.3 Receivables

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

24.4 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 cashgenerating 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.

24.5 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 19.

24. ACCOUNTING ESTIMATES AND JUDGEMENTS continued

24.6 Open Bets

The Directors review the scale and magnitude of open bets frequently, and in particular at the balance sheet date. Assessments are made on whether to make provisions for the outcome of such open bets. Management have assessed that the fair value adjustment in respect of open bets at year end is not material.

24.7 East Pioneer Corporation B.V.

On 21 November 2011 the Group entered into a B2B arrangement with East Pioneer Corporation B.V. ("EPC") to provide a suite of back office services to the company following EPC's acquisition of Superbahis, a business then operated by Sportingbet PLC ("SBT").

The terms of the contracts between SBT, EPC and the group are complex. Until 19 March 2013, neither the Group nor EPC provided the platform or licensing, held the customers on their servers, retained the brand nor set and controlled the sports book odds of the website. In return for the back office services provided, the Group was entitled to receive income from EPC equating to a share of the profits of the business. The Group does not, however have any interest in the net assets or equity of EPC which is an independently held entity. Prior to 19 March 2013, management asserted that the group did not control any of the operating or financial policies of EPC. The Group did recognise there are material transactions between itself and EPC and the provision of back office services necessitates an interchange of management personnel and the provision of essential technical information between EPC and the Group. Accordingly, such amounts due under the B2B transaction with EPC were therefore included within revenue up to 19 March 2013.

Following the acquisition of Sportingbet PLC on 19 March 2013, the group now has the power to govern the financial and operating policies of the Superbahis operations, delivers virtually all of the services required to operate the business and in turn enjoys substantially all of the risks and rewards arising from the performance of that business. On this basis, from this date, the Group considers it is appropriate to consolidate the results of the Superbahis business of EPC within these financial statements.

The Directors considered that the guarantee relating to the acquisition by EPC as referred to in note 23.2 had a fair value of €nil due to the uncertainty regarding the regulatory environment in which EPC operates and also due to the fact that much of the cash used to fund such payments resides within payment processor accounts operated by the Group.

In considering the impact of the acquisition of Sportingbet and its contracts with EPC with whom the group had pre-existing contracts relating to the Superbahis business, the group re-evaluated its contract with EPC in accordance with IFRS 3. In so doing it considered the services provided, the risks associated with the provision of those services and the expected financial reward for their provision and concluded the existing contract remained on terms no more or less favourable to market conditions than on its outset.

24.8 Betit call/put option

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

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.

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 MGA clearance and the AIM 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.

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 20 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

There have been no subsequent events between 31 December 2014 and the date of the signing of these accounts that merit inclusion.

REPORT OF THE REMUNERATION COMMITTEE

Remuneration Committee

The Remuneration Committee is comprised of the two Non-Executive Directors and was chaired in the year 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.

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.

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.

Basic Salary and Benefits

Basic salary is set for each individual based on individual performance and 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.

Pension

The Group did not operate a pension plan for the Executive Directors or senior management in 2014 or 2013.

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, both Kenneth Alexander and Richard Cooper will receive a bonus 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 under the 'new' 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.

A) Directors' Emoluments Summary

	Salary/Fees €	Bonus* €	Pension €	Benefits in Kind*** €	**Total 2014 €**	Total 2013 €
Executive Directors						
K Alexander	931,231	3,496,827	–	2,431	**4,430,489**	2,923,582
R Cooper	491,621	1,793,821	–	3,448	**2,288,890**	1,544,597
	1,422,852	5,290,648	–	5,879	**6,719,379**	4,468,179
Non-Executive Directors						
L Feldman	158,036	1,391,524	–	–	**1,549,560**	914,164
N Blythe-Tinker**	124,692	167,103	–	–	**291,795**	136,090
K Diacono	69,000	69,000	–	–	**138,000**	69,000
	1,774,580	6,918,275	–	5,879	**8,698,734**	5,587,433

* *see bonus detail on page 64*

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

*** *principally healthcare*

B) Bonus

	Dividend related €	Other €	**Total 2014 €**	Total 2013 €
Executive Directors				
K Alexander	3,496,827	–	**3,496,827**	2,087,498
R Cooper	1,793,821	–	**1,793,821**	1,087,064
Non-Executive Directors				
L Feldman	1,391,524	–	**1,391,524**	761,103
N Blythe-Tinker	–	167,103	**167,103**	21,000
K Diacono	69,000	–	**69,000**	–
	6,751,172	167,103	**6,918,275**	3,956,665

	K Alexander	R Cooper	L Feldman	K Diacono
Share option base	1,600,000	800,000	800,000	–
Dividend per share	€ 0.55	€ 0.55	€ 0.55	–
Dividend bonus (note B i)	€ 880,000	€ 440,000	€ 440,000	–
Dividend pool bonus (note B ii)	€ 1,675,020	€ 837,510	€ 837,510	–
Dividend target bonus (note B iii)	€ 941,807	€ 516,311	€ 114,014	€ 69,000
	€ 3,496,827	€ 1,793,821	€ 1,391,524	€ 69,000

B i) Dividend Bonus

The share options granted to directors in May 2010 and June 2012 attract a bonus calculated by reference to the number of options held and the dividends per share declared.

B ii) Dividend Pool Bonus

Providing that dividends paid in a fiscal year exceed 35.99 €cents per share, 10% of the total dividend cost (2014: €33,607,000) is 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.

B iii) Dividend Target Bonus

Providing that dividends exceed 54.99 €cents per share in a fiscal year, the directors are 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 63 related for foreign exchange differences.

C) Directors' Service and Consultancy Agreements

	Date appointed	**Service contract**	**Notice period by either party**
Executive Directors			
K Alexander	19 April 2010	Yes	12 Months*
R Cooper	19 April 2010	Yes	12 Months*
Non-Executive Directors			
L Feldman	19 April 2010	No	12 months*
K Diacono	19 April 2010	No	12 months

* *unless a) dividend hurdles are reached or b) there is a change of control, in which case the notice period to be given by the Company to the individual increases to 2 years.*

D) Long-term Incentive Schemes

The Group operates three schemes and the Executive Director's and Senior Management participate in both.

Original Scheme

The original scheme has had ten main grants. At 31 December 2014, all of the outstanding grants had vested.

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.

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 120% of the average mid-market closing price over the period from 17 November 2011 to 28 January 2012.

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.

E) Directors' Share Options

	Scheme	Option price	Existing at 31 December 2013	Granted in the year	Exercised/ bought out in the year	Existing at 31 December 2014	Vested at 31 December 2014	Expiry date
Executive Directors								
K Alexander	21 May 2010	213p	800,000	–	–	**800,000**	800,000	20 May 2020
K Alexander	16 Nov 2011	154.79p	800,000	–	–	**800,000**	800,000	27 Jan 2022
K Alexander	2 June 2014	1p	–	1,400,000	–	**1,400,000**	–	31 Mar 2022
R Cooper	Original	126p	26,667	–	(26,667)	**–**	–	20 May 2020
R Cooper	21 May 2010	213p	400,000	–	–	**400,000**	400,000	27 Jan 2022
R Cooper	16 Nov 2011	154.79p	400,000	–	–	**400,000**	400,000	31 Mar 2022
R Cooper	2 June 2014	1p	–	700,000	–	**700,000**	–	
Non-Executive Directors								
L Feldman	21 May 2010	213p	400,000	–	–	**400,000**	400,000	20 May 2020
L Feldman	16 Nov 2011	154.79p	400,000	–	–	**400,000**	400,000	27 Jan 2022
L Feldman	2 June 2014	1p	–	350,000	–	**350,000**	–	31 Mar 2022
N Blythe-Tinker	21 May 2010	213p	75,000	–	(75,000)	**–**	–	
Total			**3,301,667**	**2,450,000**	**(101,667)**	**5,650,000**	**3,200,000**	

**these share options were bought out on 17 January 2014.*

The charge to the consolidated income statement in respect of these options in 2014 was €638,000 (2013: €347,000).

F) Other Employees and Consultants

The majority of staff in the Group are also able to benefit financially from their endeavors through either a discretionary bonus scheme and/or Group share option plans. There are no outstanding share options at 31 December 2014.

The charge to the consolidated income statement in respect of the options for other employees and consultants in 2014 was €98,000 (2013: €1,000).

The total charge to the income statement for the years ending 31 December excluding bought out and lapsed options was:

	2014	2013
Directors	**€638,000**	€347,000
Other staff	**€98,000**	€1,000
Third parties	**€nil**	€382,000
	€736,000	€730,000

Karl Diacono
Chairman, Remuneration Committee
20 March 2015

COMPANY FINANCIAL STATEMENTS (UNDER UK GAAP)

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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 2014 which comprise the parent company balance sheet 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).

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 Directors' Responsibilities Statement on page 20, the Directors are responsible for the preparation of the financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the 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 2014; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Other Matter

We have reported separately on the group financial statements of GVC Holdings PLC for the year ended 31 December 2014.

Grant Thornton UK LLP
Chartered Accountants
London
20 March 2015

COMPANY BALANCE SHEET

at 31 December 2014

	Notes	**2014 €000's**	2013 €000's
Fixed assets			
Investments	3	**152,364**	148,563
Current assets			
Debtors	4	**46,524**	25,352
Cash at bank and in hand	6	**137**	2,085
		46,661	27,437
Creditors: amounts falling due within one year	5	**(132,227)**	(75,966)
Net current liabilities		**(85,566)**	(48,529)
Total assets less current liabilities		**66,798**	100,034
Creditors: amounts falling due after more than one year	7	**(4,522)**	(5,148)
Net assets		**62,276**	94,886
Capital and reserves			
Issued share capital	8, 10	**613**	609
Share premium	10	**85,380**	84,530
Merger reserve	10	**40,407**	40,407
Retained earnings	10	**(64,124)**	(30,660)
Total equity		**62,276**	94,886

The Financial Statements from pages 69 to 77 were approved and authorised for issue by the Board of Directors on 20 March 2015 and signed on their behalf by:

K.J. Alexander
(Chief Executive Officer)

R.Q.M. Cooper
(Chief Financial Officer)

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2014

1. ACCOUNTING POLICIES

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 including FRS 26 'Financial Instruments: Recognition and Measurement.'

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. SIGNIFICANT ACCOUNTING POLICIES continued

1.6 Financial Instruments (continued)

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 Related Party Transactions

Financial Reporting Standard 8, 'Related Party Transactions', requires the disclosure of the details of material transactions between the reporting entity and related parties. The Company has taken advantage of exemptions under FRS 8 not to disclose transactions between wholly owned Group companies.

1.8 Financial Instruments Disclosures

The company has taken advantage of the exemptions conferred by FRS 29 'Financial Instruments: Disclosures' and has not provided financial instruments disclosures in the individual accounts of the parent company.

2. PROFIT AND LOSS ACCOUNT

The loss for the year dealt with in the accounts of the Company was €409,000 (2013: profit of €3,018,000). The Company has not presented a separate profit and loss account.

3. INVESTMENTS

	2014 €000's	2013 €000's
Investment in subsidiary undertakings		
At 1 January	**148,563**	64,154
Additions	**–**	84,409
At 31 December	**148,563**	148,563

3. INVESTMENTS continued

	2014 €000's	2013 €000's
Available for Sale Financial Asset		
At 1 January	–	–
Additions	3,801	–
At 31 December	3,801	–
Total investments 31 December	152,364	148,563

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 together with professional fees incurred at the time amounted to a total upfront cost of €3.6 million augmented by the net impact of the accounting of the option embedded in the contract – see below for explanation.

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.

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 MGA clearance and the AIM 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 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 above options are required to be carried at fair value through profit or loss in accordance with FRS 26. 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 modeling 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% to the Group's forecasts at acquisition and a discount rate of 18% (based on comparison to industry peers and observable inputs). Based on this model, the fair value of the put and call options at inception was estimated to be a €1.7 million liability, reflecting management's estimate of a 15% probability that the options will be effective.

The options have been recognised in the balance sheet within creditors: amounts falling due after more than one year, as part of the initial investment transaction. The consideration for the investment of €3.6 million has been attributed to both the available for sale asset and the option liability taken on. This increases the value of consideration transferred in respect of the available for sale asset to €5.2 million, however, FRS 26 requires that financial assets are recognised initially at fair value plus attributable costs, therefore an impairment of €1.6 million has been recognised at inception. The carrying value of the asset at inception is therefore €3.8 million, and there has been no significant change in the fair value of the asset or the options as of the year-end.

Both the available for sale asset and the options are required to be re-measured at fair value at each reporting date. Changes in the fair value of the available for sale asset will be recognised in the statement of total recognised gains and losses, except for impairment losses which are recognised through profit or loss and will be reported within financing costs.

3. INVESTMENTS continued

		2014	2013
GVC Services B.V.*	Netherlands Antilles	100%	100%
Intera N.V.	Netherlands Antilles	100%	100%
GVC Sports B.V.	Netherlands Antilles	100%	100%
Gaming VC Corporation Limited	Malta	100%	100%
GVC Administration Services Limited	England and Wales	100%	100%
Sportingbet Limited	England and Wales	100%	100%
Interactive Sports (C.I.) Limited	Alderney	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%
Headlong Limited	Malta	100%	100%

** also has a branch registered in Israel*

4. DEBTORS

	2014 €000's	2013 €000's
Amounts owed by Group undertakings	43,022	23,787
Other debtors	3,344	1,310
Prepayments and accrued income	158	255
	46,524	25,352

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 €000's	2013 €000's
Amounts due to Group undertakings	127,189	71,973
Other creditors	5,038	3,993
	132,227	75,966

6. CASH AT BANK AND IN HAND

	2014 €000's	2013 €000's
Bank balances	137	2,085

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

	2014 €000's	2013 €000's
Non-interest bearing loan	2,777	5,148
Betit option (see note 3)	1,745	3,993
	4,522	75,966

As part of the Group's acquisition of Sportingbet PLC in the prior year, a credit facility was made available to the Company by William Hill PLC to fund working capital. At the 31 December 2014 the Company had drawn down €5,867,084 (£4,590,832) (2013: €8,255,619 (£6,861,956)) of this facility. The loan was revalued at the 31 December exchange rate of 1.28.

FRS 26 'Financial Instruments: Recognition and Measurement', states that all loans and receivables should initially be measured at their fair value. The loan has therefore been discounted at a rate of 4% and will be unwound over the period of the loan.

7. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR continued

The facility is repayable in three instalments (with the first instalment paid in December 2014) and these as well as the impact of the discount are shown below:

		Amount in Euro's		
	Base Currency £000's	**Total €000's**	**Current liabilities €000's**	**Non-current liabilities €000's**
Loan balance at 1 January 2014	6,862	8,256		
Repayment of first instalment	(2,271)	(2,856)		
Revaluation at 31 December 2014 exchange rate	–	467		
	4,591	**5,867**		
(i) the second instalment by no later than 31 December 2015; and	2,295	2,933	2,933	–
(ii) by no later than 30 June 2016, the balance of the facility	2,296	2,934	–	2,934
Loan balance before discount	**4,591**	**5,867**	**2,933**	**2,934**
Discount on recognition of the loan	–	(780)	(623)	(157)
Unwinding of discount at 31 December 2014	–	424	424	–
Loan balance at 31 December 2014	**–**	**5,511**	**2,734**	**2,777**
Future discount	–	356	237	119
	4,591	**5,867**	**2,971**	**2,896**

8. 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.

The authorised and issued share capital is:

	2014 €000's	2013 €000's
Authorised		
Ordinary shares of €0.01 each		
At 31 December – 80,000,000 shares (2013: 80,000,000 shares)*	**800**	800
Issued, Called Up and Fully Paid		
At 31 December – 61,276,480 shares (2013: 60,906,760 shares)	**613**	609

** The authorised share capital was increase as part of the Group's acquisition of Sportingbet PLC*

The issued share capital history is shown below:

	2004 to 2011	**2012**	**2013**	**2014**
Balance at 1 January	–	31,469,095	31,592,172	60,906,760
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	31,469,095	31,592,172	60,906,760	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.

9. SHARE OPTION SCHEMES

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

(a) a scheme was approved by shareholders on 21 May 2010 (the "21 May 2010 scheme") under which 1,600,000 share options remain outstanding. A further grant of options under scheme to three directors was approved by shareholders on 16 November 2011 ("16 November 2011 scheme"). A total of 1,600,000 shares under this scheme were granted on 28 January 2012 at an exercise price of 154.79p. These options are fully vested.

(b) options were granted to third parties on 16 January 2013, 01 February 2013 and 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 500,000 granted, 343,053 were exercised during the year.

(c) a further grant of options to Directors and employees under the existing and already approved LTIP was made on 2 June 2014 under which 3,450,000 share options remain outstanding.

Under the terms of the share option plans the Group can allocate up to 16.8% of the issued share capital (page 345, paragraph 'overall limit' of the prospectus published in January 2013) 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, lapsed or existing at the year end.

Date of Grant	Exercise Price	Existing at 1 January 2014	Granted in the year	Bought out in the year	Exercised in the year	Existing at 31 December 2014	Exercisable at 31 December 2014	Vesting criteria
12 Dec 2008	126p	26,667	–	–	(26,667)	–	–	Note a
21 May 2010	213p	1,675,000	–	(75,000)	–	1,600,000	1,600,000	Note b
28 Jan 2012	154.79p	1,600,000	–	–	–	1,600,000	1,600,000	Note c
16 Jan 2013	233.5p	166,666	–	–	(166,666)	–	–	Note d
01 Feb 2013	233.5p	166,667	–	–	(166,667)	–	–	Note d
28 Feb 2013	233.5p	166,667	–	–	(9,720)	156,947	156,947	Note d
02 Jun 2014	1p	–	3,450,000	–	–	3,450,000	–	Note e
Total all schemes		**3,801,667**	**3,450,000**	**(75,000)**	**(369,720)**	**6,806,947**	**3,356,947**	

The existing share options at 31 December 2014 are held by the following employees:

Option price	**213p**	**154.9p**	**233.5p**	**1p**	
Grant date	21-May-10	28-Jan-12	28-Feb-13	02-Jun-14	**Total**
Kenneth Alexander	800,000	800,000	–	1,400,000	**3,000,000**
Richard Cooper	400,000	400,000	–	700,000	**1,500,000**
Lee Feldman	400,000	400,000	–	350,000	**1,150,000**
Third parties	–	–	156,947	–	**156,947**
Employees	–	–	–	1,000,000	**1,000,000**
	1,600,000	**1,600,000**	**156,947**	**3,450,000**	**6,806,947**

Note a: These awards were granted under the original scheme, on the first anniversary of the grant date, 25% of the option vests. Thereafter, the balance of the option vests over three years, at 1/36th per month.

Note b: These options were granted under the 2010 scheme, it is expected that the initial awards will vest over a three year period as follows; one third of the ordinary shares subject to each award will vest 12 months after the date of grant of the awards and the balance of the ordinary shares will vest in eight equal quarterly instalments over the following 24 months. Once vested, awards will normally be exercisable up to ten years from the date of grant at the end of which period they will lapse.

Note c: These options were granted under the 2010 scheme, it is expected that the initial awards will vest over a three year period as follows; one third of the ordinary shares subject to each award will vest 12 months after the date of grant of the awards and the balance of the ordinary shares will vest in eight equal quarterly instalments over the following 24 months. Once vested, awards will normally be exercisable up to ten years from the date of grant at the end of which period they will lapse.

9. SHARE OPTION SCHEME continued

Note d: These options were granted to third parties as part of the Sportingbet 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 e: 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. 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.

The charge to the consolidated income statement in respect of these options (excluding bought out options) in 2014 was €736,000 (2013: €736,000) and a credit to the income statement of €nil (2013: €6,000) in respect of the bought out options. Of the 2014 charge €552,000 related to equity settled options and €184,000 to cash settled options.

9.1 Weighted Average Exercise Price of Options

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

	Weighted average exercise price 2014	Number of options 2014	Weighted average exercise price 2013	Number of options 2013
Outstanding at the beginning of the year	191p	3,801,667	171p	3,698,180
Granted during the year	1p	3,450,000	233.5p	500,000
Exercised during the year	184p	(369,720)	84p	(296,513)
Bought out in the year	213p	(75,000)	1p	(100,000)
Outstanding at the end of the year	94p	6,806,947	171p	3,801,667
Exercisable at the end of the year		3,356,947		3,135,000

The options outstanding at 31 December 2014 had a weighted average contractual life of 5.9 years (2013: 4.7 years).

9.2 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.

Fair value of share options and assumptions:

Date of grant	Share price at date of grant* (in £)	Exercise price (in £)	Expected volatility	Expected multiple	Expected dividend yield	Risk free rate**	Fair value at measurement a date
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
16 Jan 13	2.335	2.335	60%	2	12.15%	0.572%	0.58
01 Feb 13	2.635	2.335	60%	2	12.15%	0.572%	0.76
28 Jan 13	2.375	2.335	60%	2	12.15%	0.572%	0.61
02 Jun 14	4.49	0.01	24%	n/a	10.00%	1.425%	0.41

** 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.

10. SHARE CAPITAL AND RESERVES

	Share Capital €000's	Share Premium €000's	Merger Reserve €000's	Retained Earnings €000's	**Total €000's**
At 1 January 2013	316	611	40,407	(10,442)	30,892
Earnings for the period	–	–	–	(5,969)	(5,969)
Dividends paid	–	–	–	(14,979)	(14,979)
Issue of share capital for the acquisition of Sportingbet PLC	290	83,628	–	–	83,918
Share option charge	–	–	–	736	736
Lapsed share options	–	–	–	(6)	(6)
Share options exercised	3	291	–	–	294
At 31 December 2013	**609**	**84,530**	**40,407**	**(30,660)**	**94,886**
At 1 January 2014	609	84,530	40,407	(30,660)	94,886
Earnings for the period	–	–	–	(409)	(409)
Dividends paid	–	–	–	(33,607)	(33,607)
Share option charge	–	–	–	552	552
Share options exercised	4	850	–	–	854
At 31 December 2014	**613**	**85,380**	**40,407**	**(64,124)**	**62,276**

11. DIVIDENDS

The dividends paid in the year were as follows:

Declaration date	**EURO amount**	**GBP amount**	**2014 €000's**
09 January 2014	0.115	0.8816	**7,005**
09 April 2014	0.115	0.9500	**7,005**
09 April 2014 (special dividend)	0.045	0.0369	**2,742**
15 July 2014	0.125	0.9870	**7,661**
22 September 2014	0.125	0.9790	**7,661**
22 September 2014 (special dividend)	0.025	0.0196	**1,533**
			33,607

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, 2006 Companies Act Isle of Man).

ADDITIONAL UNAUDITED INFORMATION

	2010* €000's	2011* €000's	2012* €000's	2013 €000's	**2014 €000's**
Net gaming revenue	32,680	44,340	60,325	168,407	**224,801**
Contribution	19,124	20,550	36,476	102,631	**123,288**
Clean EBITDA	10,225	8,382	15,452	38,300	**49,162**
Operating profit	3,605	1,999	13,034	14,118	**42,921**
Profit before tax	2,525	(386)	10,830	13,014	**41,291**
Cash at the balance-sheet date	6,551	9,853	6,632	18,808	**17,829**
Total dividend declared (pence)	17.61p	17.4p	17.99p	40.51p	**42.41p**
Interim dividends (euro)	€0.10	€0.10	€0.22	€0.325	**€0.40**
Final dividend (euro)	€0.10	€0.11	–	€0.16	**€0.155**
Total dividend (euro)	€0.20	€0.21	€0.22	€0.485	**€0.555**
Total dividend paid during the year (€'000's)	18,681	6,225	8,214	14,979	**33,607**

* *The results for the financial years ending 2010, 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