20 September 2016

GVC Holdings PLC

("GVC" or the "Company" or the “Group”)

Interim Results

GVC Holdings PLC (LSE:GVC), the multinational sports betting and gaming group, today announces its Interim Results for the six months ended 30 June 2016.

	Pro forma				**Actual**	
Half year ended 30 June	2016	2015	Change	Constant Currency	2016	2015
	€m	€m			€m	€m
Sports wagers	2,329.7	2,236.0	*4%*	8%	2107.4	823.7
Net Gaming Revenue	441.8	408.4	*8%*	12%	390.6	120.9
Revenue	432.0	401.8	*8%*	12%	382.1	120.3
Clean EBITDA	104.4	73.5	*42%*		91.2	25.5
Adjusted profit before tax					51.3	21.8
Adjusted basic EPS (€)					0.198	0.332

Financial highlights

- Pro forma NGR increased 8% to €441.8m, 12% in constant currency
- Clean EBITDA of €91.2m (€25.5m H1 2015), pro forma Clean EBITDA growth 42%
- Adjusted PBT of €51.3m (€21.8m H1 2015)
- Net debt as at 30 June €165.1m (€154.3m as at 24 July 2016*)

*As reported with the refinancing announcement

Operational and strategic highlights

- Strength of brands reflected by growth achieved with relatively low marketing spend (21% of NGR)
- Mobile sports wagers grew 55%, casino and games 98%
- Integration of bwin.party on target to secure €125m annualised synergies by end of 2017
- Significantly strengthened senior management
- Signed largest B2B deal to date with one of the UK’s best known sports betting brands, Betfred
- Confirmation of New Jersey gaming licence

Post period-end events

- Admitted to Premium segment of Official List 1 August (FTSE 250 inclusion 19 September)
- New €250m financing facility secured at substantially reduced cost to current facilities

Current Trading and Outlook

- Average daily NGR for the 11 weeks to 15 September up 12% on a pro forma basis (15% in constant currency)
- Organic growth opportunities from bwin.party Acquisition greater than expected; to be exploited through increased marketing investment
- Committed to resumption of dividend payments in 2017
- Confident of achieving a result at the upper end of market expectations for 2016

Kenneth Alexander, CEO said:

“I am delighted to report another period of significant growth. It is GVC’s combination of hardworking, talented people and unique proprietary technology platform that has allowed us to achieve so much in such a short period. The Group operates in a highly competitive, increasingly regulated and taxed environment, GVC has never been better placed to face these challenges. Indeed, we believe the organic growth potential of the Group is now greater than originally anticipated at the time of the bwin.party transaction acquisition."

Presentation and live webcast

A presentation for analysts and investors will be held today at 9:30 am in the offices of Investec, 2 Gresham Street, EC2V 7QP.

The presentation will be webcast live and available at:

http://www.investis-live.com/gvc-holdings/57bc6a9f5c14c30700938e2c/fhhd

The presentation will also be accessible via a live conference call.

Dial in no:	+ 44 20 3059 8125
Conference password:	GVC
There will also be a replay available for one week. Dial in no:	+ 44 121 260 4861
Conference reference number:	4081022#

An on demand replay will also be available on the GVC website following the presentation.

This announcement contains inside information.

For further information:

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About GVC Holdings PLC

GVC Holdings PLC is a leading e-gaming operator in both B2C and B2B markets. GVC has four main product verticals with a number of brands; Sports labels (bwin, Sportingbet, gamebookers), Games labels (partypoker, partycasino, Foxy Bingo, Gioco Digitale, CasinoClub), B2B and non-core assets. GVC acquired bwin.party digital entertainment plc on 1 February 2016. The Group is headquartered in the Isle of Man and has licences in more than 15 countries.

For more information see the Group's website: www.gvc-plc.com

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

Chief Executive's review

The Group made significant operational and strategic progress in the first half of 2016. The transformational Acquisition of bwin.party was concluded on 1 February 2016 and we are well on target to fully integrate the business in the early part of 2017.

Strategic progress

At the time of the bwin.party Acquisition we set ourselves a number of key strategic objectives for 2016 and the Group has delivered against all of these targets, some significantly ahead of schedule:

- Both GVC and bwin labels delivered pro forma top line growth in H1.
- In H1, the New Jersey Division of Gaming Enforcement confirmed our ability to operate under the licence acquired via bwin.party.
- On 1 July we announced our intention to transfer to the Premium segment of the official List which was confirmed on 1 August.
- In August, we announced a refinancing deal, with Nomura International providing the Group with a €250m facility at significantly lower rates than our current facilities – the documentation of which has now been signed. The refinancing will also enable the Company to return to paying dividends in 2017.

In addition, in H1 the Group secured its largest B2B service agreement to date, with Betfred, one of the UK's best known sports betting brands.

Importantly, the integration of bwin.party will be completed by the end of Q2 2017 and the annualised synergy target of €125m secured. Moreover, the ongoing capital expenditure requirement of the enlarged Group is expected to be around one third less than the €64m pro forma spent in 2015.

The vast majority of our revenues are derived through our proprietary technology platforms. Ownership of our own technology gives the Group significant flexibility and we believe this is imperative to the long-term success of the business. The underlying technology we acquired with bwin.party is excellent and presents significant opportunities for the enlarged Group.

Operational progress

Whilst the first half has been busy on the corporate front, we have remained focused on the operations of the business. This is reflected in the strong trading performance over the six month period to 30 June 2016. Sports wagers were €2,107.4m, up from €823.7m and headline NGR of €390.6m compared to €120.9m for the corresponding period in 2015, reflecting the Acquisition of bwin.party. On a pro forma basis, sports wagers grew 4% (8% in constant currency) to €2,329.7m and headline NGR was €441.8m, representing growth of 8% (12% in constant currency). We achieved this growth despite investing just 21% of NGR on marketing, this in part reflects the strength of the brands but also more efficient spend. Clean EBITDA of €91.2m (€25.5m H1 2015) was a record for the Group with bwin.party making a significant contribution. On a pro forma basis Clean EBITDA increased 42% to €104.4m.

Mobile has been a key driver of growth. Sports wagers via mobile rose 55% in H1, whilst casino and games grew 98%. With an active pipeline of new products and technology improvements we are confident that mobile can continue to grow strongly.

A positive start to the year saw an acceleration in Q2 helped by a strong performance during Euro 2016. In total wagering on Euro 2016 was €162m with a gross win margin of 18.3% - a proportion of which (35% of gross win) fell into Q3. Sports wagers per day rose 5% (9% in constant currency) in Q2 despite a significant rise in the gross win margin to 9.9% (Q2-15 7.9%). Total NGR per day increased 13% in Q2 and 17% in constant currency.

Per day in €000s	Q2-16	Q2-15	Change actual	Constant currency	Q1-16	Q1-15	Q4-15	Q3-15
Sports wagers	12,556	11,943	*5%*	*9%*	13,045	12,790	12,350	11,078
Sports margin	9.9%	7.9%			8.4%	8.2%	8.6%	9.3%
Sports NGR	965	779	*24%*	*29%*	856	888	860	860
Gaming/other NGR	1,520	1,431	*6%*	*11%*	1,514	1,418	1,479	1,295
Total NGR per day	2,485	2,209	*13%*	*17%*	2,370	2,305	2,339	2,155
Total NGR €m	226.1	201.0	*13%*	*17%*	215.7	207.4	215.2	198.3

Integration progress

GVC has a proven track record of delivering significant value to shareholders via a combination of organic growth and astute acquisitions. The purchase of bwin.party is by far our largest acquisition to date and our experience gives the Board confidence that we will once again deliver a positive return for our shareholders.

After a little under eight months of ownership:

- Sports margins – in H1 the bwin.party sports margin was 10.0% compared to 7.7% for the same period in 2015. Whilst sports results have been a factor, the actions we have taken at an operational level to improve performance have been a major contributor
- Product improvement – content deals have been signed with a number of leading suppliers including Evolution, NetEnt, PlayNGo, Microgaming and Yggdrasil, and thus far in 2016 over 500 new games over desktop and mobile have been integrated
- Cross-sell – gaming revenues from bwin sports labels increased 27% year-on-year in H1, driven by more casino product and improved marketing
- Leverage IP – in H1 a platform licensing deal was signed with Betfred, the Group's largest B2B contract to date, the benefits are unlikely to be realised until late 2017 and beyond
- Reorganisation – a clear operating structure has been established across all parts of the Group, with detailed plans to deliver our integration goals and improve performance
- Migration – we have commenced the platform migration from Sportingbet to bwin.party with the first country successfully completed in September and full migration is expected by Q2 2017
- Disposals – a number of non-core activities have been sold or exited including Conspo and the Group's minority interest in Betit
- Attracting talent – where appropriate we have promoted from within but we have also found we are now able to attract some of the best talent from across the industry. Areas strengthened include technology, product and marketing. We continue to seek the best people to drive our business forward

Operational overview

The Group has adopted a new segmental reporting structure reflecting the label-focused basis followed by bwin.party. As a consequence there are now five reporting segments: Sports labels, Gaming labels, B2B, Non-core and Corporate. Unless stated financial data refers to pro forma results.

Sports labels

GVC operates a number of market leading sports brands including *bwin* and *Sportingbet*. As well as sports betting, these labels also offer gaming products in most but not all markets in which they operate.

Sports labels (€m)	**Pro forma six months to**				**Actual**	
	30 June 2016	30 June 2015	Change	Constant currency	30 June 2016	30 June 2015
Sports wagers	2,298.6	2,197.2	5%	9%	2,082.6	823.7
Sports win margin	9.1%	8.1%			9.2%	8.8%
Sports NGR	163.4	148.9	10%	14%	146.2	54.8
Gaming/other NGR	157.2	131.5	20%	23%	141.3	49.2
Total NGR	320.6	280.4	14%	18%	287.5	104.0
Contribution	177.7	149.2	19%		157.6	54.2
Contribution margin	55%	53%			55%	52%

Sports wagers in H1 increased 153% year on year on a reported basis and 5% in pro forma terms. The growth in wagers was despite an improvement in the sports win margin to 9.1% (8.1%) and the deliberate strategy to exit some unprofitable turnover within bwin.party. Whilst sports results were a factor in the higher win margin in the first half, there was also a significant impact from improved trading and risk management practices within the bwin business.

The 2016 Euro Championships were a key highlight in the first half (and into H2), with the Group taking some €162m in wagers on the event across the whole of the tournament, with a gross win margin of 18.3% (65% of gross win fell into H1).

Throughout the first half both Sportingbet and bwin significantly increased player acquisition, while customer acquisition costs were also reduced, with a particularly notable reduction recorded by bwin, which benefitted from a greater focus on measurable acquisition.

GVC's CRM strategy and technology have long been core attributes of its success and integrating this expertise into bwin.party was an early priority. Having begun this process in Q2, incremental improvements are now being integrated on a weekly basis. Initial results are extremely encouraging; during H1 as a whole, player reactivation was up, player cross-sell to casino increased while player churn was reduced.

Gaming NGR derived from sports labels rose 20% on the previous year, driven by this improved cross-sell as well as an improved product offer. During the first half we signed new content deals with a number of suppliers including Evolution, Play ‘n Go and Yggdrasil, with over 500 new casino games available to our sports label customers.

In terms of personnel, the restructuring of the Sportingbet and bwin marketing teams is progressing ahead of schedule, with talent from both, combined into teams which have a clear regional focus and set of objectives. This structure was fundamental to the transformation of Sportingbet and is already delivering tangible results across the enlarged group.

The cumulative effect of these improvements in Q2 saw bwin achieve its highest level of quarterly customer deposits and NGR of the last three years, while Sportingbet recorded an all-time high in player acquisition, customer deposits and NGR.

Improved cross-sell has already begun to drive revenue growth and much more is expected to come through the combination of further product and marketing enhancements.

Games labels

The Group owns a number of well-established gaming brands including *Foxy Bingo*, *partypoker*, *partycasino* and *Gioco Digitale.*

Games labels (€m)	**Pro forma six months to**				**Actual**	
	30 June 2016	30 June 2015	Change	Constant currency	30 June 2016	30 June 2015
Sports wagers	31.1	38.8	-20%	-18%	24.8	-
Sports win margin	8.4%	5.3%			8.4%	0.0%
Sports NGR	2.3	1.9	24%	28%	1.9	-
Gaming/other NGR	101.3	108.8	-7%	-4%	86.5	16.9
Total NGR	103.7	110.7	-6%	-3%	88.4	16.9
Contribution	44.4	54.7	-19%		38.2	11.2
Contribution margin	43%	49%			43%	66%

Currency weakness and a competitive bingo market led to an NGR decline in Games labels of 6% to €103.7m. The decline in contribution predominantly reflected increased gaming taxes in Austria and Germany.

During the period we created a long-term strategic roadmap for the acquired brands, with evaluation, product prioritisation, improved marketing and hiring new talent the first stage of this process. We have made good progress, introducing new products, improving the marketing toolset and hiring a number of highly experienced industry professionals. We began to see the benefits of this come through late in Q2, with performance accelerating in Q3. Indeed, Q3 Games Labels revenue is up 6% in constant currency in the period up to 15 September.

An important development has seen CasinoClub take ownership of its software platform, this will give us greater flexibility going forwards. CasinoClub also celebrates its 15 year anniversary in 2016, with a major player event scheduled in H2. Meanwhile, after a number of challenging years partypoker has stabilised, with revenues in constant currency ahead of H1 2015. A competitive market and sterling weakness meant a tough backdrop for Foxy Bingo. However, Adele Lawton recently joined the Group as Head of Bingo. She has considerable industry experience and reflects our ambitions to grow our bingo business as well as leverage the Foxy brand, in an improved Foxy Casino offer. Our Italian gaming business, Gioco Digitale performed well in the first half, with an improving performance through the period. We are excited about the opportunity to grow our market share in Italy through additional games, supported by increased investment in marketing.

Whilst the progress we have made in terms of product improvement and strengthening personnel is significant, the real benefits of this are yet to come through. There is much more still to come, with additional games and content to come on stream in the coming months. With a stronger product offering, focused brands and overall better customer experience, the opportunity to accelerate growth through additional marketing investment is an exciting one.

<u>B2B</u>

Other (€m)	**Pro forma six months to**			**Actual**	
	30 June 2016	30 June 2015	Change	30 June 2016	30 June 2015
Revenue	6.5	7.5	(13%)	5.6	-
Contribution	6.4	7.3	(12%)	5.5	-
Contribution margin	98%	97%		98%	-

The Group provides a number of B2B services for well-known gaming operators such Danske Spil, Fortuna, PMU and Borgata. As well as enhancing our B2C business, the integration and restructuring of the acquired bwin.party platform is also designed to deliver a superior product and service to our B2B customers. We have already delivered new unique content to our B2B customers and we expect this to increase following changes made in the business. The strength of the technology platform was reflected in H1, with the signing of our biggest B2B contract to date. Betfred is one of the UK's best known sports betting brands and the Group has signed a 10-year contract to provide a full turnkey online B2B solution for sports and gaming.

Non-core

Non-core (€m)	Pro forma six months to			Actual	
	30 June 2016	30 June 2015	Change	30 June 2016	30 June 2015
Revenue	11.1	9.9	12%	9.1	-
Contribution	(0.4)	1.1	(136%)	(0.4)	-

Included within Non-core are Kalixa and InterTrader. Kalixa revenues rose in the period reflecting the improved performance at bwin.party labels. Discussions regarding a disposal of the business are ongoing. InterTrader, our spread betting business has moved from a third-party platform provider to an in-house solution and this caused some disruption during the period. This process has now been completed and moving forwards the company now has much greater flexibility.

CFO Succession

As separately announced today Richard Cooper, Chief Financial Officer, is to step down from the Board with effect from February 2017 and will be succeeded by Paul Miles, ACA.

Regulatory update

Regulation of online gaming is evolving at different rates across the world. Our policy is to seek licences in markets where regulation is compliant with the highest court applicable to the jurisdiction and where taxation is commercially viable. In the first six months of 2016, just under 70% of our revenues were derived from markets that are regulated or in the process of becoming regulated or where we pay gaming taxes or VAT.

We were pleased to have our New Jersey licence (acquired with bwin.party) confirmed by the New Jersey Division of Gaming Enforcement in May, whilst in August we were granted a permanent licence in Romania. We expect Czech Republic, the Netherlands and Poland to regulate in 2017.

Brexit

Beyond the impact of currency movements there has been no visible impact on the business from the UK's decision to seek an exit from the EU. The Group has greater sterling costs than revenues and therefore the impact from sterling weakness is a net positive. The detail of how the UK intends to exit the EU is yet to be decided, however, management believe GVC's global footprint gives it significant flexibility to face any challenges that may arise.

Current trading and outlook

Q3 has started positively, helped by a strong end to Euro 2016. Average daily net revenue for the 11 weeks up to 15 September is 12% higher on a pro forma basis and 15% in constant currency. As planned we have now commenced the sportsbook migrations. We recognise the year on year comparatives get more challenging in H2. The Board is confident of achieving a result at the upper end of market expectations for 2016.

GVC operates in a highly competitive, increasingly regulated and taxed environment. The Board believes the Company has never been better placed to face these challenges. Indeed, the organic growth potential of the Group is now greater than originally anticipated. Key to securing this will be strategic investment in marketing and technology.

Kenneth Alexander
Chief Executive Officer

Group Finance Director's Report

Continuing the theme of the CEO review, a contrast is drawn between the "pro forma" results and the "accounting" results for the period as the Acquisition of bwin.party completed on 1 February 2016 and has been accounted for as a business combination under IFRS 3.

Attention is drawn to the distinction between NGR, a figure before VAT, and Revenue, the more "statutory" number, stated after VAT.

A starting position is the bridge between the accounting and pro forma numbers for H1.

Bridge between Accounting and Pro forma results

Table 1

	Actual H1-2016 €000's A	bwin.party, pre-Acquisition €000's B	**Pro forma H1-2016 €000's C = (A+B)**	**Pro forma H1-2015 €000's**	Actual H1-2015 €000's
NGR	390.6	51.2	**441.8**	**408.4**	120.9
Revenue	382.1	49.9	**432.0**	**401.8**	120.3
Contribution	200.9	27.2	**228.1**	**212.3**	65.4
*Contribution %**	*51.4%*	*53.1%*	***51.6%***	***52.0%***	*54.0%*
Expenditure	(109.7)	(14.0)	**(123.7)**	**(138.8)**	(39.9)
Clean EBITDA	91.2	13.2	**104.4**	**73.5**	25.5

**contribution divided by NGR*

A summary of revenue, contribution and expenditure by reporting segment is shown below:

Table 2

	PRO FORMA BASIS Six months to:		ACTUAL BASIS Period to:	
	30 June 2015	30 June 2016	30 June 2015	30 June 2016
	€m	€m	€m	€m
Sports labels	*2,197.2*	*2,298.6*	*823.7*	*2,082.6*
Games labels	*38.8*	*31.1*	*-*	*24.8*
B2B	*-*	*-*	*-*	*-*
Non-Core	*-*	*-*	*-*	*-*
Corporate	*-*	*-*	*-*	*-*
Sports wagers	**2,236.0**	**2,329.7**	**823.7**	**2,107.4**
Sports Margin %	8.1%	9.1%	8.8%	9.2%
Sports labels	*275.4*	*312.4*	*103.8*	*280.4*
Games labels	*109.0*	*102.0*	*16.5*	*87.0*
B2B	*7.5*	*6.5*	*-*	*5.6*
Total, Core	*391.7*	*420.9*	*120.3*	*373.0*
Non-core	*9.9*	*11.1*	*-*	*9.1*
Corporate	*-*	*-*	*-*	*-*
Total Revenue	**401.8**	**432.0**	**120.3**	**382.1**
Sports labels	*149.2*	*177.7*	*54.2*	*157.6*
Games labels	*54.7*	*44.4*	*11.2*	*38.2*
B2B	*7.3*	*6.4*	*0.0*	*5.5*
Total, core	*211.2*	*228.5*	*65.4*	*201.3*
Non-core	*1.1*	*(0.4)*	*0.0*	*(0.4)*
Corporate	*0.0*	*0.0*	*0.0*	*0.0*
Contribution	**212.3**	**228.1**	**65.4**	**200.9**
Sports labels	*54%*	*57%*	*52%*	*56%*
Games labels	*50%*	*42%*	*68%*	*43%*
B2B	*97%*	*99%*	*-*	*98%*
Total, core	*54%*	*54%*	*54%*	*54%*
Non-core	*11%*	*(4%)*	*-*	*(4%)*
Contribution %	**53%**	**53%**	**54%**	**53%**
Core	*(98.6)*	*(94.6)*	*(31.6)*	*(84.2)*
Non-core	*(10.5)*	*(8.5)*	*-*	*(7.1)*
Corporate	*(29.7)*	*(20.6)*	*(8.3)*	*(18.4)*
Expenditure	**(138.8)**	**(123.7)**	**(39.8)**	**(109.7)**
Core	*112.6*	*133.9*	*33.8*	*117.1*
Non-core	*(9.4)*	*(8.9)*	*0.0*	*(7.5)*
Corporate	*(29.7)*	*(20.6)*	*(8.3)*	*(18.4)*
Clean EBITDA	**73.5**	**104.4**	**25.5**	**91.2**

NGR

NGR grew 223% to €390.6 million in the six month period, whilst on a pro forma basis it grew to €441.8 million or by 8%. Growth was achieved through a combination of more focused management, stronger sports margins and better product cross-sell. As the group operates in a large number of markets yet reports in Euro, it is inevitable that currency fluctuations have an impact on the underlying trading. On a constant currency basis, pro forma NGR grew by 12% over the six months to 30 June 2015.

Revenues

Revenues grew by 218% to €382.1 million in the reported period, whilst on a pro forma basis they grew by 8%. VAT has been imposed since January 2015 in a number of countries, the most significant of which are Germany and France. VAT at the rate of 21% has now been introduced in Belgium, a market in which GVC operates through a locally licensed partner. The financial impact is not considered to be material to the Group.

Both NGR and Revenues are net of customer bonuses which averaged 23% in the period (H1-2015: 21%) on a pro forma basis.

Variable costs and Contribution

The key components of variable costs remain: betting taxes and duties, payment processing costs, software royalties, affiliate commissions, partner shares, and marketing costs.

Whilst there was an inevitable increase in both the quantum and percentage of betting taxes, the contribution margin (being Revenues less variable costs) was 51.4% on an actual basis and 51.6% on a pro forma basis.

Contribution, in absolute terms was €200.9 million on an actual basis and €228.1 million on a pro forma basis, an increase of 207% and 7% respectively over H1-2015.

Expenditure

The prime components of expenditure are personnel (representing around 55% of the cost base) and technology (representing around 30% of the cost base). Other significant costs comprise real-estate (with over 20 offices), travel and professional fees.

On a pro forma basis, there was a 11% reduction in expenditure from €138.8 million to €123.7 million. On an actual basis, owing to the Acquisition, expenditure naturally increased, from €39.8 million in H1-2015 to €109.7 million in H1-2016.

The "run-rate" of expenditure has been steadily decreasing in H1-2016 following the synergy program launched by GVC, although the more significant savings will be seen in H1-2017 and beyond following platform migrations.

Clean EBITDA

On an accounting basis, Clean EBITDA rose 257% from €25.5 million to €91.2 million, whilst on a pro forma basis it rose 42% from €73.5 million to €104.4 million.

Share Option Charges

Share option charges reflect the accounting cost of the directors' LTIP approved by shareholders on 15 December 2015, and granted on 3 February 2016, together with the legacy scheme for non-directors, and the dissolution of the legacy scheme for directors.

The charge for H1-2016 was €6.5 million (H1-2015: €0.2 million) with a further €18.4 million included within exceptional items for the legacy option plan rolled into the placing of new shares.

Depreciation and Amortisation

To draw the distinction between assets acquired in the Acquisition and those acquired in the normal course of business the components are tabulated below:

Table 3

	Value of non-current assets acquired in the period €million
Property, Plant and Equipment	
- Acquired as part of the Acquisition	44.5
- Acquired in the normal course of business	4.4
	48.9
Intangible assets	
- Acquired as part of the Acquisition	
- Goodwill	960.1
- Other	608.0
- Acquired in the normal course of business	5.9
- Software capitalised in the period	6.7
	1,580.7
Total value of non-current assets	
- Acquired as part of the Acquisition	1,612.6
- Acquired/capitalised in the normal course of business	17.0
	1,629.6

The total of depreciation and amortisation was €65.5 million of which €52.2 million was the amortisation charge associated with intangible assets recognised on Acquisition for the five month period from 1 February 2016 to 30 June 2016. These assets are being amortised over periods ranging from 3 to 12 years.

The amortisation on assets acquired in the normal course of business amounted to €2.9 million, whilst the depreciation of property plant and equipment was €10.4 million.

The Group renegotiated its existing contract with a leading IT supplier which has led to a significant reduction in licencing costs from H2-2016 onwards. One non-cash consequence of this action is an acceleration of the depreciation charge in the period. The net impact of this, €12.5 million, has been shown within exceptional items.

Financing Charges

These comprise: interest of indebtedness (principally loans); an accounting charge for debt fee amortisation, other debt administration fees, and foreign exchange movements. Debt fees were payable on the draw-down of the loan from Cerberus and, subsequent to the period-end, payable on the mandatory repayment of a portion of the loan triggered by the receipt of proceeds on the sale of certain assets. The total charge in the period was €29.4 million.

Adjusted Profit Before Taxation

Table 4

	6 months to 30 June 2016* €millions	6 months to 30 June 2015 €millions
(Loss)/profit before taxation	**(86.1)**	17.1
Fair value of derivative instruments	**(14.1)**	-
Change in value in asset held for sale	**4.8**	-
Amortisation of acquired intangibles	**52.2**	-
Exceptional items	**89.3**	4.7
Dividend received from associate	**(3.1)**	-
Amortisation of early repayment option on loan	**(1.9)**	-
Amortisation of loan fees	**10.2**	-
	51.3	21.8

*the five months of ownership of bwin.party, together with the six months of GVC

Excluding the impact of exceptional items (see Table 5 below) and other non-trading related costs, the Adjusted profit before taxation was €51.3 million on an accounting basis against €21.8m in the same period last year.

A bridge, showing the principal movements is shown below:

Exceptional items

The bulk of the exceptional items have arisen on the Acquisition itself and subsequent restructuring charges. Additionally, translation charges arising from foreign exchange movements on both the pre-Acquisition cash-confirmation obligations and GBP cash held for restructuring charges are also reflected. The principal items are shown below:

Table 5 – exceptional items

	Accounting €m
Total Acquisition related expenditure*	61.1
Less: amount taken to share premium account	(6.4)
Acquisition related expenditure within the Income statement	54.7
Acceleration of amortisation on onerous IT contract	12.5
Progressive jackpot provision	7.6
Costs associated with the Premium listing	4.4
Restructuring charges	5.1
Foreign exchange movement on placing funds	5.0
	89.3

The Acquisition took around seven months and thus considerable fees were incurred both before and after the Acquisition, and in both 2015 and 2016. Across both GVC and bwin and both 2016 and 2016, the combined transaction and fund raising costs excluding debt fees has amounted to €102 million.

Taxation

Whilst the Group is currently headquartered in the Isle of Man, and with key operating subsidiaries in Gibraltar (where the headline rate of corporate tax is 10%) and Malta (5%), it operates in a number of other jurisdictions with higher tax rates which would increase the underlying tax charge although there are also tax losses available in a number of jurisdictions. This has resulted in the tax credit for the period of €1.9 million (H1-2015: tax charge, €0.3 million).

The total taxation expense for the group for H1-2016 (pro forma), including VAT, Betting taxes, employment taxes and corporation taxes was €72.1 million, representing 16.3% of NGR.

Earnings per share

EPS is clearly affected by both the quantum of the exceptional items and debt fees and the mildly dilutive effect of the share options schemes. The table below summarises the various ways of looking at EPS.

Table 6 – earnings per share

	Accounting 6 months to 30 June 2016 (€)	Accounting 6 months to 30 June 2015 (€)
Basic EPS	(0.334)	0.273
Basic, fully diluted EPS	(0.334)	0.260
Adjusted EPS	0.199	0.349
Adjusted, fully diluted EPS	0.198	0.332

REVIEW OF BALANCE SHEET

A bridge between the opening and closing balance sheets is shown in the table below:

Table 7

	Non-current assets/ AHFS €m	Cash and cash equiv's incl STI €m	Cerberus debt principal €m	Customer liabilities €m	Other net debt €m	All other assets and liabilities €m	**Total net assets €m**
GVC at 31.12.15	159.1	28.2	(20.0)	(14.8)	(3.5)	(20.9)	**128.1**
<u>Movements in H1-2016:</u>							
To bwin shareholders and option-holders	1,506.6	(302.6)	-	-	-	-	**1,204.0**
Loan finance and Placing	-	578.1	(380.0)	-	-	-	**198.1**
Acquisition Balance Sheet	669.3	131.8	-	(118.0)	(39.4)	(97.2)	**546.5**
Goodwill on Acquisition	960.1	-	-	-	-	-	**960.1**
Consolidation entries	(1,506.6)	-	-	-	-	(1.2)	**(1,507.8)**
Acquisition closure fees & similar	-	(121.6)	-	-	39.4	21.1	**(61.1)**
Post Acquisition close exceptional items	(17.6)	(14.1)	-	(7.6)	-	4.7	**(34.6)**
Business disposals	(6.6)	6.6	-	-	-	-	**-**
General trading	(36.6)	2.2	-	14.2	(4.8)	30.9	**5.9**
Enlarged Group at 30.6.16	1,727.7	308.6	(400.0)	(126.2)	(8.3)	(62.6)	**1,439.2**

Acquisition of bwin.party

The Acquisition of bwin.party which completed on 1 February 2016 was struck at 25p per bwin share plus 0.231 GVC shares in exchange for each bwin share, and accounted for at a currency rate of £1: €1.3205.

Table 8 – Acquisition purchase allocations

	€millions
Amount paid by GVC:	
- Value of stock issued	1,201.5
- Cash component	302.6
- Options settled post Acquisition	2.5
Value of offer (£1.14 billion)	1,506.6
Assets at Fair value	(546.5)
Goodwill recognised	960.1

The key cashflows incurred in 2016 associated with the Acquisition are shown in the table below:

Table 9 – Acquisition cashflows

	Prior to Acquisition	"at" Acquisition	Post Acquisition	Total
Debt raised	-	380.0	-	380.0
Equity issuance	-	198.1	-	198.1
Funds raised	-	578.1	-	578.1
Debt repaid	(16.0)	(38.6)	(3.0)	(57.6)
Debt fees paid on draw-down (table 11)	(8.3)	(7.6)	-	(15.9)
Paid to Bwin share and option holders	-	(302.6)	-	(302.6)
Acquisition costs (table 7)	(41.0)	(45.7)	(15.4)	(102.1)
Funds discharged	(65.3)	(394.5)	(18.4)	(478.2)
Net fund-raising	(65.3)	183.6	(18.4)	99.9
Cashflow in the period (see table 13)	-	183.6	(18.4)	165.2

Other non-current assets

The group purchased €4.4 million of Property, Plant and Equipment with an average useful life of three years.

The group capitalised €6.7 million relating to software developed internally, and purchased €5.9 million of externally developed software.

Investments and Available for Sale Financial Assets

During the period these consisted of various modest investments inherited from the bwin.party Acquisition, along with GVC's investment in Betit which was disposed of during the period for €nil consideration as the performance was disappointing and the Group wished to avoid the forced purchase which might have been trigged in H2-2017.

Assets in Disposal Groups Held for Sale

The principal asset here is the acquired payments processing business ("Kalixa"). GVC is in advanced discussions with a number of parties in this regard. The net current asset value of Kalixa at 30 June 2016 was €21.2m comprising €36.8million of cash and short term investments and €15.6 million (net) of other current liabilities.

The Conspo asset was disposed of after 30 June for a gross value of €15.3 million of which €13.5 million was received (and subsequently paid-on to Cerberus to reduce the debt principal), with a further €1.8 million due in two equal instalments, in April and December 2017.

Trade and Other Receivables

These principally consist of balances with credit card processors and other payment intermediaries and the balances held generally move up and down with both business activity and the start/end of the football season.

The amounts represented 24.5 debtor days.

Derivative Financial Assets

These now consist of two main components:

- The WinUnited option, €2.8 million
- An option value attributed to the ability of GVC to terminate the Cerberus loan by 1 February 2017 ("The Cerberus early repayment option"). This has been valued at €22.5 million. See table 10 below on indebtedness for more detail.

Table 10 – components of derivative financial assets

In €millions	**Total**	Winunited	Early repayment option
Balance at 1.1.2016	**3.8**	3.8	-
Recognition of fair value of early repayment option	**7.4**	-	7.4
Change in fair values credited/(charged) to income statement	**14.1**	(1.0)	15.1
Balance at 30 June 2016	**25.3**	2.8	22.5

Whilst the intention of GVC was always to re-finance the Cerberus facility by 1 February 2017 and therefore avoid future fees, and securing financing at a significantly cheaper cost, for accounting purposes the combination of these two factors is treated as an "embedded derivative." This was initially recognised at €7.4m, but during the period it became clear to GVC that re-financing could be achieved at an even more advantageous rate. This led to the fair value of the option increasing by €15.1 million to €22.5 million. The credit of this €15.1 million has been taken to the income statement.

Short term investments

These are cash balances categorised as short term investments owing to the restrictions placed upon them by regulators and similar.

Cash and cash equivalents

The figure of €302.9 million, excludes €34.6 million held within Kalixa. The combined value is €337.5 million. Of this amount, €189.9 million was denominated in currencies other than the Euro, of which €135.8 million was held in GBP.

Customer liabilities

Customer balances generally move up and down with both business activity and the start/end of the football season.

The amounts represented 45 creditor days. The Group's Poker business has a distorting effect as poker players tend to hold their balances for a considerable length of time.

Progressive Prize pools

Both GVC and bwin.party have progressive prize pools on casino games. Following the Acquisition, GVC evaluated that a change in accounting judgement was required and recognised a charge of €7.6 million as an exceptional item, with the liability being recorded in the balance sheet.

Deferred and Contingent Consideration

The principal liability is in relation to the prior sale of World Poker Tour and becomes payable in tranches based on whether certain US states regulate.

	€million
Current liabilities	(3.6)
Non-current liabilities	(1.8)
	(5.4)

Non current liability - Indebtedness

The debt on the balance sheet is a composite of the principal outstanding, the fees due over the life of the loan, and an option valuation of the fees which can be avoided if the loan is repaid at 1 February 2017 together with an accrued interest component.

The Group drew-down €20 million from its Cerberus facility on 4 September 2015 and a further €380 million on 1 February 2016 (see column 1 in Table 11 below).

The term "effective interest" comprises a composite of both simple interest and fee amortisation (see column 2 in table 11 below).

There is an ability for GVC to avoid paying certain fees and, should GVC re-finance its debt, (as it indicated it would do in its announcement of 2 August 2016 referring to the commitment made to the Company by Nomura), at a significantly reduced rate of interest, then the economic impact of this is treated in accounting terms as an "early repayment option." (See column 3 in table 11 below)

Table 11- loan balance

Dr / (Cr)	**Total**	Col 1 Principal	Col 2 Effective interest	Col 3 Cerberus early repayment option
	€million	€million	€million	€million
Balance at 1.1.2016	**(19.8)**	(20.0)	0.2	-
Loan drawn-down	**(380.0)**	(380.0)	-	-
	(399.8)	(400.0)	0.2	-
Fees paid during prior period	**7.6**	-	7.6	-
Fees paid during period	**7.6**	-	7.6	-
Interest paid in period	**13.3**	-	13.3	-
Amount charged to income statement	**(31.3)**	-	(31.3)	-
Recognition of early repayment option (table 13)	**(7.4)**	-	-	(7.4)
Amortisation of early repayment option	**1.9**	-	-	1.9
Balance at 30 June 2016	**(408.1)**	(400.0)	(2.6)	(5.5)

There are a number of components to the debt fees which are shown below, together with the periods in which they are effectively chargeable to the income statement.

Based on the loan running to its full term, the income statement profile of the debt fees would be:

H2-2015	**0.4**
H1-2016*	**10.2**
H2-2016	**13.1**
2017	**18.2**
	41.9

Of which €12m are exit fees and €14 million are fees which can be avoided with an early repayment.

Net debt

Table 12 – GVC view of net debt at 30 June 2016

€millions		
Cash and cash equivalents		302.9
Short term investments		5.3
Customer liabilities		(107.8)
Debt principal outstanding		(400.0)
Kalixa cash and cash equivalents	36.8	
Less Kalixa customer liabilities	(2.3)	
		34.5
NET DEBT		(165.1)

Since 30 June 2016, following the receipt of sale proceeds from Conspo, and in accordance with the debt facility, a total of €13.5 of the loan principal has been repaid.

Share Option Liability

There is an accrual for the cash-component of the LTIP in relation to the Chairman whose option arrangements, by virtue of him being a citizen of the USA, are structured slightly differently but with no commercial advantage or disadvantage over other option holders.

Forward Contract Liability

The forward foreign exchange contract obliged to be taken out by the Group as part of the cash confirmation exercise for the Acquisition was extinguished during the period.

Provisions

€1.3 million was set aside as a fair value adjustment in relation to an onerous contract inherited on the Acquisition. €7.6m relates to other provisions in the normal course of business.

Betit Option liability

The group disposed of its investment (and its associated option liability) in the period for €nil owing to the disappointing performance of this investment.

Deferred tax

Deferred taxation has arisen on the intangible assets recognised on the Acquisition of bwin.party.

Share capital

At 1 January 2016 there were 61,276,480 shares in issue. At 30 June 2016 there were 291,980,780 shares in issue. The Company issued 230,704,300 shares in the period under review as follows:

- 156,947 shares were issued to a third party warrant holder on 12 February 2016.
- 230,547,353 shares were issued in pursuance of the Acquisition
    - 32,964,034 placing and subscription to third parties
    - 2,580,990 placed with directors in compensation of their share options
    - 195,002,329 issued to bwin.party share and option holders

After the period end the Company subsequently issued a further 296,724 shares, also in connection with the Acquisition, so the total number of (clean) shares in issue at the date of this release is 292,277,504, and thus the total number of shares issued pursuant to the Acquisition was 230,844,077 of which 195,299,053 were issued to bwin.party share and option holders and 35,545,024 were issued via a placing or subscription.

CASHFLOW

The table below shows a simplified version of the cashflow during the six month period to 30 June 2016.

Table 13 – summary of the Cashflow

	Pro forma* €millions	Accounting €millions
Acquisition cashflows (Table 9)	138.3	165.2
Clean EBITDA*	104.4	91.2
Disposal proceeds, interest and dividends received	10.7	10.6
Capitalisation of internally developed software*	(6.7)	(6.7)
Purchase of intangible assets*	(6.7)	(5.9)
Purchase of PPE*	(10.0)	(4.4)
Corporate taxation paid*	(6.9)	(5.2)
Interest paid	(13.5)	(13.3)
Working capital movement	(40.7)	(31.8)
Change in short term investments	8.3	8.1
Earn-outs	(1.2)	(1.2)
Other exceptional items	(14.5)	(14.5)
Foreign exchange translation differences on cash*	(2.5)	1.0
Net cashflows	**159.0**	**193.1**
Cash acquired at Acquisition	-	116.2
Cash at 1.1.2016	178.5	28.2
Cash** at 30.06.2016	337.5	337.5

* other than working capital movements which should be considered to be distorted by significant accruals and deferred payments at 31 December 2015, the "operational" cashflows on a pro forma basis for the six months ended 30 June 2016 were €71.6 million.

**includes Kalixa

The principal items within working capital movement related to 2015 bonus schemes (across both GVC and bwin.party), and the settlement of trade creditors.

Richard Cooper
Group Finance Director

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties are those disclosed on pages 26 to 27 of the Group's 2015 Annual Report. The principal risks and uncertainties which could impact the Group for the remainder of the year are set out below:

TECHNOLOGY

- The Group may be threatened by Denial of Service attacks or similar.
- Natural or man-made disasters may affect continuity of operations, undermining player confidence.
- With technological advances and continuous shifts in how consumers access our services, maintaining and improving technology may become more complex.
- Following the Acquisition of bwin.party, the Group is undertaking a significant technology platform migration, which carries a project risk.

REGULATORY

- Conflict between jurisdictions in which the customer resides and where the service is provided; risk of enforcement action.
- In some markets regulation is not clearly defined or adopted; there may be changes in regulation in all markets.

TAXATION

- Imposition of additional gaming or other indirect taxes.
- Transfer pricing between group entities could be challenged by the tax authorities.
- Changes in VAT rules within the EU impacting the digital economy.

ECONOMIC

- Conditions in the Eurozone remain challenging and this may erode customer base confidence and spending power.
- Foreign exchange movements; risk of certain countries exiting the Euro.
- Brexit: following the outcome of the June referendum, the volatility of global currency and financial markets has increased. Future changes as a result of the referendum may reduce the Group's ability to operate in certain EU markets without a change in domicile, which could carry a higher tax burden.

FINANCIAL

- Increases in EURIBOR will increase the interest cost for the Group. The loan arrangements contain covenants which, if breached, would trigger early repayment of the facility.

OPERATIONAL

- The market place becomes more competitive via new entrants or more attractive products available from those new entrants or existing competitors.
- Withdrawal of payment processing facilities.
- Reliance on third party payment and multi-currency processing systems.
- Dependence on third party software.
- Dependence on key personnel.
- Loss of major introducer of business.
- Loss of major customer.
- Poor sports results.
- Abnormal jackpot wins.
- Business integration process following the Acquisition : risk of business disruption and the impact on staff; risk of unexpected costs or constraints on delivering expected synergies.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm that to the best of their knowledge:

- The unaudited condensed consolidated set of financial information has been prepared in accordance with IAS 34 'Interim Financial Reporting'; and

- The interim management report includes a fair review of the information required by:
  (a) DTR 4.2.7R, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the financial year;
  (b) DTR 4.2.8R, being material related party transactions that have taken place in the first six months of the current financial year and any material changes in the related party transactions described in the Annual Report for the year ended 31 December 2015.

The Directors of GVC Holdings PLC are listed on the GVC website: www.gvc-plc.com.

By order of the Board

Robert Hoskin
Company Secertary
19 September 2016

GLOSSARY AND TERMS

Acquisition	The purchase of bwin.party digital entertainment plc by the Company
B2B	Business-to-business
B2C	Business-to-consumer
bwin.party	bwin.party digital entertainment plc
Clean EBITDA	Earnings before interest, taxation, depreciation, amortisation, impairment charges, changes in the fair value of derivative financial instruments, share option charges and exceptional items
Clean Net operating Cashflow ('CNOC')	Clean EBITDA less: capitalised development costs, net corporate taxes paid, finance lease payments, net working capital movements and exceptional items of a cash nature
Contribution	Total Revenue less betting taxes, payment service provider fees, software royalties, commissions, revenue share and marketing costs
Constant currency basis	Each month in the prior period re-translated at the current periods exchange rate
Enlarged Group	GVC Holdings plc incorporating bwin.party
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
InterTrader	The Group's financial markets services
Kalixa	The Group's payments business
KPIs	Key Performance Indicators
Net debt	Cash and cash equivalents, short term investments, less customer liabilities (all including amounts recorded as assets in disposal groups classified as held for sale), less interest bearing loans and borrowings.
Revenue	Net Gaming Revenue less VAT (imposed by certain EU jurisdictions on either sports or gaming revenue)
Sports Gross Margin	Sports wagers less payouts
Sports Gross Margin %	Sports Gross Margin divided by Sports wagers
Sports Net Gaming Revenue ('Sports NGR')	Sports Gross Margin less free bets and promotional bonuses
Total Net Gaming Revenue ('Total NGR')	Sports NGR + Net gaming stakes less payout winnings less customer bonuses + Other revenues
WPT	The business and substantially all the assets of The World Poker Tour that was disposed of by bwin in June 2015

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

Independent Review Report to GVC Holdings plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report of GVC Holdings PLC for the six months ended 30 June 2016 which comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Statement of Financial Position, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Statement of Cash Flows and the related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company, in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board. Our review work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review 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 for our review work, for this report, or for the conclusion we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility

Our responsibility is to express a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

London
19 September 2016

CONDENSED CONSOLIDATED INCOME STATEMENT
for the period ended 30 June 2016

	Notes	**Period Ended 30 June 2016 (Unaudited) €m**	Period Ended 30 June 2015 (Unaudited) €m
Net Gaming Revenue (memorandum)		**390.6**	120.9
Revenue	2	**382.1**	120.3
Cost of sales		**(181.2)**	(54.9)
Contribution	2	**200.9**	65.4
Administrative costs	3	**(109.7)**	(39.9)
Clean EBITDA		**91.2**	25.5
Share option charges		**(6.5)**	(0.2)
Exceptional items	3	**(89.3)**	(4.7)
Depreciation and amortisation	3	**(65.5)**	(2.2)
Change in value of available for sale asset		**(4.8)**	-
Changes in the fair value of derivative financial instruments	8	**14.1**	-
Operating (loss)/profit		**(60.8)**	18.4
Financial income		**0.9**	-
Financial expense	4	**(29.4)**	(1.3)
Dividend income		**3.1**	-
Share of profit/(loss) of associate		**0.1**	-
(Loss)/profit before tax		**(86.1)**	17.1
Taxation income/(expense)	5	**1.9**	(0.3)
(Loss)/profit after tax		**(84.2)**	16.8
Attributable to:			
Owners of the parent		**(84.0)**	16.8
Non-controlling interests		**(0.2)**	-
Earnings per share		**€**	€
Basic	6	**(0.334)**	0.273
Diluted	6	**(0.334)**	0.260

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2016

	30 June 2016 (Unaudited)	30 June 2015 (Unaudited)
	€m	€m
(Loss)/profit for the period	**(84.2)**	16.8
Other comprehensive income		
Items that may subsequently be recycled to profit or loss:		
Change in fair value of available for sale assets	**-**	-
Exchange differences on translation of foreign operations	**(3.1)**	-
Total comprehensive income for the period	**(87.3)**	16.8
Total comprehensive income attributable to:		
Owners of the parent	**(87.1)**	16.8
Non-controlling interests	**(0.2)**	-
	(87.3)	16.8

The notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 June 2016

	Notes	**30 June 2016 (Unaudited)**	30 June 2015 (Unaudited)	31 December 2015 (Audited)
		€m	€m	€m
Assets				
Property, plant and equipment		**20.0**	1.6	1.4
Intangible assets	7	**1,660.8**	155.2	155.1
Trade and other receivables		**-**	-	-
Investments and available for sale financial assets		**1.4**	3.8	2.6
Deferred tax		**0.8**	-	-
Total non-current assets		**1,683.0**	160.6	159.1
Trade and other receivables		**116.3**	22.9	34.6
Derivative financial assets	8	**25.3**	-	3.8
Income and other taxes reclaimable		**8.6**	5.5	6.0
Short term investments		**5.3**	-	-
Cash and cash equivalents		**302.9**	21.4	28.2
Assets in disposal groups classified as held for sale	9	**75.3**	-	-
Total current assets		**533.7**	49.8	72.6
Total assets		**2,216.7**	210.4	231.7
Current liabilities				
Trade and other payables		**(71.9)**	(28.3)	(32.0)
Balances with customers		**(107.8)**	(12.1)	(14.8)
Progressive prize pools		**(18.4)**	-	-
Amounts due under finance leases		**(0.2)**	(1.4)	(0.7)
Non-interest bearing loans and borrowings	10	**-**	(6.2)	(3.0)
Deferred and contingent consideration		**(3.6)**	(2.4)	(1.6)
Share option liability	13	**(0.4)**	(6.8)	(9.7)
Forward contract liability		**-**	-	(9.9)
Liabilities in disposal groups held for sale	9	**(29.8)**	-	-
Provisions		**(8.9)**	-	-

Income taxes payable		**(15.5)**	(6.7)	(7.3)
Other taxation payable		**(40.2)**	(1.9)	(2.0)
Total current liabilities		**(296.7)**	(65.8)	(81.0)
Current assets less current liabilities		**237.0**	(16.0)	(8.4)
Non-current liabilities				
Deferred and contingent consideration		**(1.8)**	(0.4)	-
Interest bearing loans and borrowings	10	**(408.1)**	(0.2)	(19.8)
Share option liability	13	**-**	(5.2)	(2.1)
Betit option liability	8	**-**	(1.7)	(0.7)
Deferred tax	5	**(70.9)**	-	-
Total non-current liabilities		**(480.8)**	(7.5)	(22.6)
Total net assets		**1,439.2**	137.1	128.1
Capital and reserves				
Issued share capital	11	**2.9**	0.6	0.6
Merger reserve		**40.4**	40.4	40.4
Share premium		**1,477.6**	85.4	85.4
Translation reserve		**(2.8)**	0.3	0.3
Retained earnings		**(77.5)**	10.4	1.4
Total equity attributable to equity holders of the parent		**1,440.6**	137.1	128.1
Non-controlling interests		**(1.4)**	-	-
Total equity		**1,439.2**	137.1	128.1

The notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2016

	Share Capital	Merger Reserve	Share Premium	Translation Reserve	Retained Earnings *	Total	Non-Controlling interest	Total equity
	€m	€m	€m	€m	€m	€m	€m	€m
Balance at 1 January 2015 (audited)	0.6	40.4	85.4	0.3	22.7	**149.4**	**-**	**149.4**
Share option charges**	-	-	-	-	0.3	**0.3**	**-**	**0.3**
Share options surrendered	-	-	-	-	(12.2)	**(12.2)**	**-**	**(12.2)**
Share options exercised	-	-	-	-	-	**-**	**-**	**-**
Dividend paid	-	-	-	-	(17.2)	**(17.2)**	**-**	**(17.2)**
Transactions with owners	-	-	-	-	(29.1)	**(29.1)**	**-**	**(29.1)**
Profit for the period	-	-	-	-	16.8	**16.8**	**-**	**16.8**
Other comprehensive income for the period	-	-	-	-	-	**-**	**-**	**-**
Total comprehensive income for the period	-	-	-	-	16.8	**16.8**	**-**	**16.8**
Balance as at 30 June 2015 (unaudited)	**0.6**	**40.4**	**85.4**	**0.3**	**10.4**	**137.1**	**-**	**137.1**
Balance at 1 January 2016 (audited)	**0.6**	**40.4**	**85.4**	**0.3**	**1.4**	**128.1**		**128.1**
Share option charges**	-	-	-	-	5.9	**5.9**	-	**5.9**
Share options surrendered	-	-	-	-	(0.8)	**(0.8)**	-	**(0.8)**
Share options exercised	-	-	0.3	-	-	**0.3**	-	**0.3**
Issue of share capital for the Acquisition of bwin.party	2.3	-	1,391.9	-	-	**1,394.2**	-	**1,394.2**
Resulting from the Acquisition of bwin.party	-	-	-	-	-	**-**	(1.2)	**(1.2)**
Transactions with owners	2.3	-	1,392.2	-	5.1	**1,399.6**	(1.2)	**1,398.4**
Loss for the period attributable to the parent	-	-	-	-	(84.0)	**(84.0)**	-	**(84.0)**
Loss for the period attributable to the Non-controlling interest	-	-	-	-	-	**-**	(0.2)	**(0.2)**
Other comprehensive income attributable to the parent	-	-	-	(3.1)	-	**(3.1)**	-	**(3.1)**
Other comprehensive income attributable to	-	-	-	-	-	**-**	-	**-**

the Non-controlling interest

Total comprehensive income for the period	-	-	-	(3.1)	(84.0)	**(87.1)**	(0.2)	**(87.3)**
Balance as at 30 June 2016 (unaudited)	**2.9**	**40.4**	**1,477.6**	**(2.8)**	**(77.5)**	**1,440.6**	**(1.4)**	**1,439.2**

**the share option reserve included within retained earnings at 30 June 2016 amounted to a debit balance of €1.7 million, largely due to the surrender of fully vested share options during 2015.*

***total share option charge per the condensed income statement amounted to €6.5 million, the difference being a cash settled share option expense of €0.6 million which is not taken directly to retained earnings.*

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

The notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the six months ended 30 June 2016

	Notes	**Period Ended 30 June 2016 (Unaudited) €m**	Period Ended 30 June 2015 (Unaudited) €m
Cash flows from operating activities			
Cash receipts from customers		**398.1**	125.5
Cash paid to suppliers and employees		**(407.3)**	(99.3)
Interest paid including initial costs and loan servicing		**(20.9)**	-
Corporate taxes paid		**(5.2)**	(0.2)
Net cash used in operating activities		**(35.3)**	26.0
Cash flows from investing activities			
Interest received		**0.9**	-
Dividends received		**3.1**	-
Acquisition earn-out payments (Betboo)		**(1.2)**	(1.2)
Acquisition of bwin.party (net of cash acquired)	17	**(186.9)**	-
Acquisition of property, plant and equipment		**(4.4)**	(0.4)
Proceeds from disposal of assets held for sale		**6.6**	-
Capitalised development costs and other intangibles	7	**(12.6)**	(2.6)
Decrease in short term investments		**8.1**	-
Net cash used in investing activities		**(186.4)**	(4.2)
Cash flows from financing activities			
Proceeds from interest bearing loan (Cerberus)	10	**380.0**	-
Non-interest bearing loan (from William Hill)	10	**(3.0)**	-
Proceeds from issue of share capital, net of costs	11	**192.0**	-
Repayment of borrowings	10, 17	**(39.0)**	(0.9)
Dividend paid	12	**-**	(17.2)
Net cash from financing activities		**530.0**	(18.1)
Net increase in cash and cash equivalents		**308.3**	3.7
Exchange differences		**1.0**	(0.1)
Cash and cash equivalents at beginning of the period		**28.2**	17.8
Cash and cash equivalents at end of the period		**337.5**	21.4

Cash and cash equivalents

The balance at the end of the period of €337.5 million above consists of €302.9 million cash and cash equivalents as shown on the face of the consolidated statement of financial position and €34.6 million (2015: €nil) of cash and cash equivalents recognised within assets held for sale.

The notes form part of these financial statement

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
for the period ended 30 June 2016

1. Basis of preparation
2. Segmental reporting
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1. BASIS OF PREPARATION

1.1 General information and accounting policies

GVC Holdings PLC is a company registered in the Isle of Man and was incorporated on 5 January 2010. It is the successor company of Gaming VC Holdings S.A., a company which had been incorporated in Luxembourg, and took the assets of Gaming VC Holdings S.A. on 21 May 2010 after formal approval by shareholders. The condensed consolidated financial statements of the Group for the six months ended 30 June 2016 comprise the Company and its subsidiaries (together referred to as the 'Group'). The condensed consolidated financial statements are unaudited but have been reviewed by the auditor, whose report is set out in this document.

The condensed consolidated financial statements have been prepared under IAS 34 'Interim Financial Reporting' and those parts of the Isle of Man Companies Act 2006 applicable to companies reporting under IFRS. They do not constitute full accounts within the meaning of the Isle of Man Companies Act 2006, and should be read in conjunction with the financial statements for the year ended 31 December 2015, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. Those financial statements have been reported on by the Group's auditor and are included in the Group's Annual Report 2015, available in the Investor

Relations section of the Group website at www.gvc-plc.com. The auditor's report on those financial statements was unqualified.

The condensed consolidated financial statements are prepared on the basis of the accounting policies stated in the Group's Annual Report 2015, with the exception of certain updated accounting policies, the introduction of new accounting policies following the Acquisition of bwin.party, and the new standards adopted during 2016, as shown below. These policies have been applied consistently to all periods presented in these financial statements and by all Group entities.

The condensed consolidated financial statements were approved by the Board of Directors on 19 September 2016.

The condensed consolidated financial statements are presented in the Euro, rounded to the nearest €0.1 million, and are prepared on the historical cost basis with the exception of those assets and liabilities carried at fair value.

1.1.1 Policies updated during 2016

Property, Plant and Equipment: 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:

- Land and buildings: over the length of the lease
- Fixtures and fittings: 3 to 5 years
- Plant and equipment: 3 to 5 years

The residual value, if significant, is reassessed annually.

Intangible Assets: 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 on an annual basis. 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
- Capitalised development expenditure 3-5 years
- Trade-marks and trade names 12-15 years, or indefinite life
- Non-contractual customer relationships 4 years

Employee Benefits: 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, including factoring in the value of future dividends or dividend credits, 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.

Segment Reporting
The Board has reviewed and confirmed the Group's reportable segments in line with the requirements of IFRS 8 'Operating Segments'. Following the Acquisition of bwin.party, the segments have been revised to reflect the activities of the enlarged Group. The segments disclosed below are those

currently aligned with the reports the Group's Chief Executive reviewed during the period to make strategic decisions.

- Sports labels: bwin, Sportingbet, Gamebookers and Superbahis
- Gaming labels: PartyPoker, PartyCasino, Gioco Digitale, Cashcade and CasinoClub
- B2B: provision of the technology platforms to internal and external customers
- Non-core: InterTrader and Kalixa
- Corporate: includes shared and corporate functions such as finance, legal and HR

Variable costs and costs above Clean EBITDA are either directly attributed or allocated to a segment. Costs below Clean EBITDA are not reviewed on a segment basis and accordingly the analysis by segment is from revenue to Clean EBITDA only. In addition, the Statement of Financial Position is not reviewed on a segment basis.

1.1.2 Policies adopted during 2016, following the Acquisition of bwin.party

Financial Instruments: Short term investments
Short term investments are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are initially recognised at fair value, plus transaction costs directly attributable to their Acquisition or issue. They are subsequently carried at amortised cost using the effective interest rate method, less any provisions for impairment.

Assets classified as held for sale
Non-current assets and disposal groups are classified as held for sale if the carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as being met only when the sale is highly probable, management is committed to a sale plan, the asset is available for immediate sale in its present condition and the sale is expected to be completed within one year from the date of classification. These assets are measured at the lower of carrying value and fair value less associated costs of sale except where the assets were previously classified as available for sale, in which case they are carried at fair value.

Investments in joint ventures
A joint venture is a contractual relationship whereby the Group and other parties undertake an economic activity that is subject to joint control; that is, when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

The Group reports its interests in jointly controlled entities using the equity method of accounting. Under the equity method, investments in joint ventures are carried in the consolidated statement of financial position at cost as adjusted for post-Acquisition changes in the Group's share of the net assets of the joint venture, less any impairment in the value of the investment. Losses of a joint venture in excess of the Group's interest in that investment are not recognised. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Investments in associates
An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the consolidated financial information using the equity method of accounting. Under the equity method, investments in associates are carried at cost as adjusted for post-Acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of the investment. Losses of an associate in excess of the Group's interest in that associate are not recognised. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

1.1.3 New and revised standards that are effective for annual periods beginning on or after 1 January 2016

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 amendments do not have an impact on this consolidated historical financial information.

Disclosure Initiative: Amendments to IAS 1 Presentation of Financial Statements
These amendments provide guidance on the materiality considerations to apply to all parts of the financial statements and the extent to which line items can be aggregated and disaggregated.

The amendments are effective for reporting periods beginning on or after 1 January 2016. The amendments do not have an impact on this consolidated historical financial information.

1.2 Going Concern

After making enquiries and after consideration of the Group's existing operations, financing arrangements, cash flow forecasts and assessment of business and regulatory risks, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the condensed consolidated financial statements.

1.3 Seasonality

The Group's overall profitability is sensitive to sporting events and results. In addition there is underlying seasonality for online activity which also depends on geographical location of players.

2. SEGMENTAL REPORTING

Prior to the Acquisition of bwin.party, management followed one business line with two operating segments, being Sports and Gaming. Post the Acquisition, and reflecting the label-focussed basis for bwin.party's segmental analysis, this approach has been revised. There are now five operating segments, being Sports labels, Gaming labels, B2B, Non-core and Corporate. These operating segments are monitored and strategic decisions are made on the basis of overall operating results. The segmental analysis below shows the prior year comparative on the new segmental basis of reporting in order to aid comparability.

Management also monitors revenue by geographic location of its customers.

2.1 Geographical Analysis

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

	Period ended 30 June 2016	Period ended 30 June 2015
	€m	€m
Germany	**87.9**	17.9
Turkey	**50.0**	42.5
UK	**32.0**	3.9
Other	**212.2**	56.0
Total	**382.1**	120.3

At 31 December 2015, 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 was €103,350,000, and the total located in other regions was €55,816,000. Given the recent significant changes in composition of the Group, this information is not available for the period to 30 June 2016.

Revenues from external customers have been identified on the basis of the customer's geographical location. Non-current assets are allocated based on their physical location.

2.2 Reporting by Segment

Period ending 30 June 2016:

	Sports labels	*Games labels*	*B2B*	Total core	Non-core	Corporate	**Total**
	€m	*€m*	*€m*	€m	€m	€m	**€m**
Revenue	*280.4*	*87.0*	*5.6*	373.0	9.1	-	**382.1**
Variable costs*	*(122.8)*	*(48.8)*	*(0.1)*	(171.7)	(9.5)	-	**(181.2)**
Contribution	*157.6*	*38.2*	*5.5*	201.3	(0.4)	-	**200.9**
Contribution margin	*56%*	*43%*	*98%*	54%	(4%)	-	**53%**
Other operating costs:							
Personnel expenditure				(47.7)	(5.0)	(9.0)	**(61.7)**
Professional fees				(2.4)	(0.4)	(5.5)	**(8.3)**
Technology costs				(31.6)	(0.8)	(0.1)	**(32.5)**
Office, travel and other costs				(3.1)	(0.9)	(6.7)	**(10.7)**
Foreign exchange differences				0.6	-	2.9	**3.5**
Clean EBITDA				117.1	(7.5)	(18.4)	**91.2**

Period ending 30 June 2015:

	Sports labels	*Games labels*	*B2B*	Total core	Non-core	Corporate	**Total**
	€m	*€m*	*€m*	€m	€m	€m	**€m**
Revenue	*103.8*	*16.5*	-	120.3	-	-	**120.3**
Variable costs*	*(49.6)*	*(5.3)*	-	(54.9)	-	-	**(54.9)**
Contribution	*54.2*	*11.2*	-	65.4	-	-	**65.4**
Contribution margin	*52%*	*68%*	-	*54%*	-	-	***54%***
Other operating costs:							
Personnel expenditure				(17.2)	-	(6.2)	**(23.4)**
Professional fees				(0.3)	-	(1.8)	**(2.1)**
Technology costs				(12.3)	-	0.7	**(11.6)**
Office, travel and other costs				(1.3)	-	(0.6)	**(1.9)**
Foreign exchange differences				(0.5)	-	(0.4)	**(0.9)**
Clean EBITDA				**33.8**	**-**	**(8.3)**	**25.5**

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

Management do not review the performance of each segment below the level of Clean EBITDA.

The Corporate segment does not allocate its net costs to other divisions other than on a local statutory basis.

2.3 Reconciliation of segments to Group totals

	Notes	**Period ended 30 June 2016 €m**	Period ended 30 June 2015 €m
Segmental Clean EBITDA		**91.2**	25.5
Exceptional items	3	**(89.3)**	(4.7)
Share option charges	3	**(6.5)**	(0.2)
Change in value of available for sale asset	9	**(4.8)**	-
Movement in fair value of derivative financial instruments	10	**14.1**	-
EBITDA		**4.7**	20.6
Depreciation and amortisation*	3	**(65.5)**	(2.2)
Financial income	4	**0.9**	-
Financial expense	4	**(29.4)**	(1.3)
Dividend income		**3.1**	-
Share of profit/(loss) of associate		**0.1**	-
(Loss)/profit before tax		**(86.1)**	17.1
Taxation	5	**1.9**	(0.3)
(Loss)/profit after tax from continuing operations		**(84.2)**	16.8

** Including amortisation of acquired intangibles of €52.2 million.*

3. OPERATING COSTS

	Notes	**Period ended 30 June 2016 €m**	Period ended 30 June 2015 €m
Wages and salaries, including Directors (excluding incentive schemes)		**37.1**	11.6
Incentive schemes, including Directors		**5.0**	8.1
Amounts paid to long term contractors		**10.5**	1.6
Compulsory social security contributions		**6.1**	1.0
Compulsory pension contributions		**0.4**	0.3
Health and other benefits		**1.9**	0.4
Recruitment and training		**0.7**	0.4
Personnel expenditure (excluding share option charges)		**61.7**	23.4
Professional fees		**8.3**	2.1
Technology costs		**32.5**	11.6
Office, travel and other costs		**10.7**	1.9
Foreign exchange differences on operating activity		**(3.5)**	0.9
Administrative costs		**109.7**	39.9
Equity settled share option charges	13	**5.9**	0.3
Cash settled share option (credit)/charges	13	**0.6**	(0.1)
Exceptional items	3.1	**89.3**	4.7
Change in value of available for sale asset		**4.8**	-
Movement in the fair value of derivative financial instruments	8	**(14.1)**	-
Depreciation		**10.4**	0.4
Amortisation	7	**55.1**	1.8
		261.7	47.0

3.1 Exceptional Items

The Group incurred expenditure on exceptional items of €89.3 million (Period ended 30 June 2015: €4.7 million). These are items which are exceptional in size or nature.

	Period ended 30 June 2016 €m	Period ended 30 June 2015 €m
Acquisition of bwin.party		
- Legal advice	**1.2**	2.6
- Financial advisors	**11.2**	1.2
Total professional fees	**12.4**	3.8
- Currency option, including fair value adjustment (see note 3.1.2)	**10.8**	-
- Bonuses and share options (see note 3.1.1)	**21.9**	-
- Legal fees for securitisation	**1.0**	-
- Foreign exchange differences	**8.6**	-
Total Acquisition costs	**54.7**	-
Non-deal income/expenditure		
- Romanian back taxes and license fees	**-**	0.9
- Premium Listing application costs	**4.4**	-
- Reorganisation costs	**5.1**	-
- Foreign exchange on deposit	**5.0**	-
Total cash-based items	**14.5**	0.9
- Accelerated depreciation	**12.5**	-
- Progressive jackpots	**7.6**	-
Total non-Acquisition costs	**34.6**	0.9
Total exceptional items	**89.3**	4.7

Transaction bonuses and share options

	Period ended 30 June 2016 €m	Period ended 30 June 2015 €m
2014 share option plan rolled into share placing *	**18.4**	-
Transaction bonuses rolled into share placing **	**3.0**	-
Other transaction bonuses	**0.5**	-
	21.9	-

* Includes employer's National Insurance. See pages 322-325 of the prospectus.

** Includes employer's National insurance. See page 349 of the prospectus.

3.1.1 Currency option

A currency option was taken out in 2015, in order to meet the cash confirmation requirements of the offer for bwin.party. Under the terms of the contract, the Group would sell €365.0 million and buy £260.7 million. Hedge accounting was not applied. The derivative, recognised as a current liability, was valued at 31 December 2015 at €9.9 million. The option was exercised on 2 February 2016. The movement in exchange rate between 31 December 2015 and 2 February 2016 created an additional fair value loss of €10.8 million which has been recognised as an exceptional item above.

At 30 June 2016 there were no other forward exchange contracts taken out in the ordinary course of business. The cost of forward exchange options during the period is included within administrative costs and not treated as an exceptional cost.

4. FINANCIAL EXPENSE

	Period ended 30 June 2016 €m	Period ended 30 June 2015 €m
- Unwinding of discount on non-interest bearing loan	**-**	0.1
- Finance lease interest	**-**	0.1
- Foreign exchange revaluation	**-**	1.1
- Interest on Cerberus loan*	**31.3**	-
- Amortisation of the early repayment option	**(1.9)**	-
	29.4	1.3

** This represents the effective interest on the loan which includes interest payments of €21.1 million at the contracted rate of 12.5% and an accrual of €10.2 million for exit and similar fees not yet due but obliged to be accounted for.*

5. TAXATION

GVC Holdings PLC is an international business incorporated in the Isle of Man and the Group's two largest trading entities are in Gibraltar and Malta. As a result, there are significant differences between the Group's effective rate of tax and the UK Corporation tax rate.

The effective rate in respect of ordinary activities after exceptional items is 2.2% (six months ended 30 June 2015: 1.6%). The effective tax rate for the period is different from that which would result from applying the standard rate of UK Corporation Tax of 20.0% (2015: 20.5%) due to the geographic spread of the income earned by the Group and other tax adjustments.

5.1 Deferred Taxation Amounts Recognised in the Statement of Financial Position

	Deferred tax		
	Asset	Liability	**Total**
	€m	€m	**€m**
Balances at 1 January 2015 and 31 December 2015	-	-	**-**
Acquired in business combination	1.9	(2.0)	**(0.1)**
Arising on Intangible fixed assets acquired in business combination	-	(79.4)	**(79.4)**
(Charge)/credit in income statement for the period ended 30 June 2016	(1.1)	7.1	**6.0**
Transfer to Liabilities held for sale	-	3.4	**3.4**
Balances at 30 June 2016	0.8	(70.9)	**(70.1)**

6. EARNINGS PER SHARE

6.1 Basic Earnings Per Share and Adjusted Earnings Per Share

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. Adjusted earnings per share has been calculated by taking the profit before tax, adding back certain costs that are not directly related to trading activities in the period and dividing by the weighted average number of shares in issue.

	Period ended 30 June 2016	Period ended 30 June 2015
(Loss)/profit for the period attributable to ordinary shareholders (€m)	**(84.0)**	16.8
Weighted average number of shares (m)	**251.3**	61.3
Basic earnings per share (€)	**(0.334)**	0.273

(Loss)/profit before tax	**(86.1)**	17.1
Exceptional items	**89.3**	4.7
Change in value of available for sale asset	**4.8**	-
Change in fair value of derivative financial instruments	**(14.1)**	-
Dividend income	**(3.1)**	-
Acquired intangible amortisation	**52.2**	-
Debt fee amortisation	**10.2**	-
Early repayment amortisation	**(1.9)**	-
Taxation	**(1.2)**	(0.4)
Adjusted profit for the period (€m)	**50.1**	21.4
Adjusted earnings per share (€)	**0.199**	0.349

6.2 Diluted Earnings Per Share and Adjusted Diluted Earnings Per Share

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. Adjusted diluted earnings per share has been calculated by taking the profit before tax, adding back certain costs that are not directly related to trading activities in the period and dividing by the weighted average number of shares in issue, as diluted by share options.

	Period ended 30 June 2016	Period ended 30 June 2015
(Loss)/profit for the period attributable to ordinary shareholders (€m)	**(84.0)**	16.8
Weighted average number of shares (m)	**251.3**	61.3
Effect of dilutive share options (m)	**-**	3.2
Weighted average number of dilutive shares (m)	**251.3**	64.5
Diluted earnings per share (€)	**(0.334)**	0.260

Adjusted profit for the period (see note 6.1) (€m)	**50.1**	21.4
Adjusted diluted earnings per share (€)	**0.198**	0.332

Share options that could potentially dilute basic earnings per share but were not included in diluted earnings per share because they are antidilutive for the period ended 30 June 2016 amounted to 1.3

million effective shares (2015: nil). They have been included in the calculation of adjusted diluted earnings per share where they are not antidilutive.

7. INTANGIBLE ASSETS

	Leased Software Licence	*Owned Software Licence*	Total Software Licence	Goodwill	Trade-marks & Trade Name	Consulting & Magazine	Non-contractual Customer Relationships	**Total**
	€m	*€m*	€m	€m	€m	€m	€m	**€m**
Cost								
At 1 January 2015	*1.1*	*26.4*	27.5	166.2	17.0	4.9	2.4	218.0
Additions	-	*5.0*	5.0	-	-	-	-	5.0
At 31 December 2015	*1.1*	*31.4*	32.5	166.2	17.0	4.9	2.4	**223.0**
Additions	-	*12.6*	12.6	-	-	-	-	12.6
Acquisition of subsidiaries	-	*224.0*	224.0	960.1	176.0	-	208.0	1,568.1
Reclassified as assets held for sale	-	*(2.0)*	(2.0)	(6.5)	-	-	(12.0)	(20.5)
At 30 June 2016	*1.1*	*266.0*	267.1	1,119.8	193.0	4.9	198.4	**1,783.2**
Amortisation and Impairment								
At 1 January 2015	*0.4*	*21.5*	21.9	33.3	1.3	4.9	2.3	63.7
Amortisation	*0.4*	*3.5*	3.9	-	0.2	-	0.1	4.2
At 31 December 2015	*0.8*	*25.0*	25.8	33.3	1.5	4.9	2.4	**67.9**
Amortisation	*0.2*	*27.8*	28.0	-	6.2	-	20.9	55.1
Reclassified as assets held for sale	-	*(0.1)*	(0.1)	-	-	-	(0.5)	(0.6)
At 30 June 2016	*1.0*	*52.7*	53.7	33.3	7.7	4.9	22.8	**122.4**
Net Book Value								
At 31 December 2015	*0.3*	*6.4*	6.7	132.9	15.5	-	-	155.1
At 30 June 2016	*0.1*	*213.3*	213.4	1,086.5	185.3	-	175.6	**1,660.8**

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 30 June 2016 were as follows:

	30 June 2016	31 December 2015
	€m	€m
Trademarks & Trade Names	**15.1**	15.1

Included within Owned Software Licence additions of €12.6 million is €6.7 million of capitalised development costs.

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

An assessment of the Group's goodwill was carried out for the period ended 30 June 2016 to identify whether there were any indicators of impairment. The goodwill relates to Betboo, CasinoClub and Sportingbet, which had all been assessed for impairment at 31 December 2015, and the bwin assets acquired in the period. No indicators of impairment were found. As the period from the Acquisition of bwin to the reporting date is so short, management have assessed that the fair value less costs to sell of these assets would not be materially different from their carrying value.

The following units have significant carrying amounts of goodwill:

	30 June 2016	31 December 2015
	€m	€m
Betboo	**8.3**	8.3
CasinoClub	**40.4**	40.4
Sportingbet	**84.2**	84.2
Bwin Sportsbook	**616.6**	-
Bwin Gaming	**244.7**	-
Bwin other	**92.2**	-
Total Goodwill	**1,086.5**	132.9

8. DERIVATIVE FINANCIAL INSTRUMENTS: OPTIONS

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

A summary of the movement in the option values during the period and the balances at 30 June 2016 is shown below:

	Winunited option	Early repayment option	Betit option	**Total**
	€m	€m	€m	**€m**
Balance at 1 January 2015	-	-	(1.7)	**(1.7)**
Movement in fair value	3.8	-	1.0	**4.8**
Balance at 31 December 2015	3.8	-	(0.7)	**3.1**
Recognised on loan draw-down	-	7.4	-	**7.4**
Disposal in the period	-	-	0.7	**0.7**
Movement in fair value	(1.0)	15.1	-	**14.1**
Balance at 30 June 2016	2.8	22.5	-	**25.3**

8.1 Winunited option

At 30 June 2016 the option was valued by a third party valuation specialist using a Monte Carlo valuation model and two methodologies: a discounted cash flow and a multiples based calculation. A long-term growth rate of 1.5% was assumed (31 December 2015: 2%), and a discount rate of 14% (31 December 2015: 15%) based on industry peers and observable inputs. Based on this model, the value of the call option at 30 June 2016 was €2.8 million (31 December 2015: €3.8 million). This increase in the fair value of the option has been recognised in the income statement in accordance with IAS 39.

8.2 Cerberus loan early repayment option

On 2 February 2016 a further €380 million was drawn down under the Cerberus loan facility. The facility has a repayment date of 4 September 2017 but may be repaid at any date, subject to a "make-whole" premium on the interest. Early repayment will change the profile and size of the cash payments and this feature has been identified as an embedded derivative therefore separated from the host contract. Changes in the Group's credit rating will have an impact on the value of the option for early repayment. The option has been valued by a third party valuation specialist based on the contracted cash flows under the terms of the facility and applying a probability weighted measure to the cost saving opportunities. The value of the early repayment at inception and at 30 June 2016 was €22.5 million.

8.3 Betit option

On 14 May 2014, the Group acquired a 15% stake in Betit Holdings Limited ('BHL'). The Group had a call option to acquire the balance of the outstanding shares which could be exercised no earlier than 1 July 2017 and no later than 30 September 2017, and would be subject to further Maltese Gaming Authority clearance and the Stock Exchange Rules. The minimum call option price was €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.

In the period the Group disposed of its investment in BHL and its call option was also disposed of as part of this arrangement. The net loss on disposal of the investment and the option has been included within changes in value of available for sale assets.

9. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

The Group has classified certain of its non-core assets as held for sale. This includes the Group's investment in the Conspo joint venture, a provider of sports content, and its Kalixa business including its investment in Visa Europe Limited.

The Kalixa business, a fully integrated digital payments company, was transferred to assets held for sale as at 31 March 2016 and its net valuation of €41.2 million was reviewed by management as at that date. Management are actively pursuing a disposal within the next 12 months.

The carrying value of the Conspo investment of €3.9 million represents the lower of cost and the current fair value. The assets held for sale are disclosed in the table below. The investment was disposed of shortly after the end of the reporting period for a total of €15.3 million, of which €13.5 million was received in cash and a further €1.8 million is due in two equal instalments in the next year providing there are no claims on warranties given.

	Assets held-for-sale €m	Liabilities held-for-sale €m	Total €m
As at 31 December 2015	-	-	-
Acquisition in business combination	12.3	-	12.3
Reclassified as held-for-sale	55.7	(25.0)	30.7
Trading and working capital movements	7.3	(4.8)	2.5
As at 30 June 2016	**75.3**	**(29.8)**	**45.5**
Consisting of:			
Kalixa disposal group held for sale	71.4	(29.8)	41.6
Conspo asset held for sale	3.9	-	3.9

The major classes of assets and liabilities held for sale as at 30 June 2016 are:

	Assets held-for-sale €m	Liabilities held-for-sale €m	Total €m
Investment in Visa	1.8	-	1.8
Investment in Conspo	3.9	-	3.9
Intangible fixed assets	19.7	-	19.7
Property, Plant and Equipment	2.3	-	2.3
Trade and other receivables	10.8	-	10.8
Short term investments	2.2	-	2.2
Cash and cash equivalents	34.6	-	34.6
Trade and other payables	-	(23.6)	(23.6)
Client liabilities	-	(2.3)	(2.3)
Income tax payable	-	(0.5)	(0.5)
Deferred tax	-	(3.4)	(3.4)
As at 30 June 2016	**75.3**	**(29.8)**	**45.5**

10. LOANS AND BORROWINGS

10.1 <u>Interest bearing loan</u>

On 4 September 2015, the Group entered into an agreement with Cerberus Business Finance LLC for a loan of up to €400m, in order to part-fund the proposed Acquisition of bwin.party. Under the terms of the loan, a 'Hedging Loan' of up to €20m could be drawn on in advance of the Acquisition, in order to fund a hedging arrangement for the conversion of the loan funds into GBP and to pay for initial costs including loan arrangement fees. Accordingly, €20m was drawn down immediately on entering into the contract. The balance of €380m was drawn down on 1 February 2016. In the original agreement, the full amount of the loan was to be repaid by September 2017; on 30 June 2016, an extension to the loan repayment date to April 2018 was agreed on similar terms.

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

As set out in note 8.2 above, there is an option to repay the loan during the loan period which has been treated as an embedded derivative. This was valued at inception as an asset of €7.4 million. The value of this embedded derivative has been added to the initial cost of the loan and is therefore included in the amortised cost.

	Principal €m	Effective interest €m	Early repayment option €m	Total €m
Loan balance at 1 January 2015 and 30 June 2015	-	-	**-**	**-**
Initial drawdown	20.0	-	**-**	**20.0**
Initial costs and loan servicing fees paid	-	(0.8)	**-**	**(0.8)**
Interest instalments paid to 31 December 2015	-	(0.6)	**-**	**(0.6)**
Effective interest due to 31 December 2015	-	1.2	**-**	**1.2**
Loan balance at 31 December 2015	20.0	(0.2)	**-**	**19.8**
Loan drawdown	380.0	-	-	**380.0**
Recognition of embedded derivative	-	-	7.4	**7.4**
Initial costs and loan servicing fees paid in prior year	-	(7.6)	-	**(7.6)**
Initial costs and loan servicing fees paid in the period	-	(7.6)	-	**(7.6)**
Interest instalments paid to 30 June 2016	-	(13.3)	-	**(13.3)**
Effective interest due to 30 June 2016 - fees	-	10.2	-	**10.2**
Effective interest due to 30 June 2016 - interest	-	21.1	-	**21.1**
Amortisation of early repayment option	-	-	(1.9)	**(1.9)**
Loan balance at 30 June 2016	400.0	2.6	5.5	**408.1**

Split between:	30 June 2016 €m	31 December 2015 €m
Current liabilities	**-**	**-**
Non-current liabilities	**408.1**	**19.8**

10.2 Non-interest bearing loan

As part of the Group's Acquisition of Sportingbet PLC, a credit facility was made available to the Group by William Hill PLC. The loan balance was repaid in full on 2 February 2016.

11. SHARE CAPITAL

On 1 February 2016 the Group acquired 100% of the share capital of bwin.party digital entertainment plc ("bwin.party"), an online gaming company traded on the Main Market of the London Stock Exchange and listed on the Official List (Premium Segment), for total consideration of €1,506.6 million as set out in note 17. Under the terms of the Acquisition, each bwin.party shareholder received 25p plus 0.231 new GVC shares for each bwin.party share. The total bwin.party shareholding was 843.5 million shares; accordingly, the Group issued 194.8 million new shares to bwin.party shareholders. Post the Acquisition, additional shares are being issued to bwin.party option-holders who had not exercised their options before the date of the Acquisition but do so subsequently and the value of these has been included in the total consideration.

On the same date as the Acquisition of bwin.party, the Group issued additional shares at a price of 422p. The additional share capital consisted of 28.0 million Placing shares, including the subscription by Directors of shares under the terms of the LTIP, and 7.5 million Subscription shares. The cash consideration for these shares was £150.0 million, less costs incurred of £4.9 million (€6.4 million), which have been treated as a deduction from share premium.

On 18 February 2016, third party option holders exercised their options and a further 0.2 million shares were issued.

The authorised and issued share capital is:

	30 June 2016	31 December 2015
	€m	€m
Authorised		
Ordinary shares of €0.01 each		
At 30 June 2016 – 350,000,000 shares (31 December 2015: 350,000,000 shares)	**3.5**	3.5
Issued, Called Up and Fully Paid		
At 30 June 2016 – 292.0 million shares (31 December 2015: 61.3 million shares)	**2.9**	0.6

The issued share capital history is shown below:

	2004 to 2014	2015	2016
Balance at 1 January	-	61,276,480	61,276,480
Shares issued on initial listing in 2004	31,135,762	-	**-**
Share options exercised by employees			
- at £1.00	260,000	-	**-**
- at £1.26	265,000	-	**-**
- at £1.29	154,590	-	**-**
- at £0.01	100,000	-	**-**
Share options exercised by third parties			
- at £2.36	343,053	-	**-**
- at £1.26	-	-	**156,947**
Issue of shares for Acquisition	29,018,075	-	**194,841,498**
Issue of shares via placing	-	-	**27,978,812**
Issue of shares via subscription	-	-	**7,566,212**
Issue of shares in the period to bwin option-holders	-	-	**160,831**
Balance at end of period	61,276,480	61,276,480	**291,980,780**

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.

12. DIVIDENDS

The dividend history for 2015 is shown below:

Date declared	Per share €c	Per share £p	Shares in issue m	Amount €m	Amount £m
12-Jan-15	12.50	9.6000	61.3	7.6	5.9
23-Mar-15	14.00	10.2900	61.3	8.6	6.3
23-Mar-15	1.50	1.1000	61.3	0.9	0.7
08-Jul-15	14.00	9.7575	61.3	8.6	6.0
08-Oct-15	14.00	10.3472	61.3	8.6	6.3
Total in 2015	**56.0**	**41.0947**		**34.3**	**25.2**

As a result of the Acquisition of bwin.party and the combination of debt covenants and the intended restructuring of the Group, the Directors have not proposed any further dividends during 2016.

13. SHARE OPTION SCHEMES

At 30 June 2016, the Group had the following share options schemes for which options remained outstanding at the period end:

i. Options were granted to Directors and employees under the existing and already approved LTIP on 2 June 2014. Under this scheme, 2,450,000 options held by Directors were cancelled under the arrangements for the Acquisition of bwin.party during the period and as at 30 June 2016, 875,000 employee share options remained outstanding.

ii. Options were granted to Directors under the terms of the 2015 LTIP, as set out in the 13 November 2015 prospectus pages 325-329.

Under the terms of the share option plan, the Group can allocate up to 10% of the issued share capital although it must take allowance of the shares issued or issuable, post the Acquisition of bwin.party, as a consequence of rights to subscribe for shares under the 2015 LTIP or any other employees' share scheme.

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

Date of Grant	Exercise Price	Existing at 1 January 2016	Granted in the period	Cancelled in the period	Exercised in the Period	Existing at 30 June 2016	Exercisable at 30 June 2016	Vesting criteria
28 Feb 2013	233.5p	156,947	-	-	(156,947)	-	-	Note a
02 Jun 2014	1p	3,325,000	-	(2,450,000)	-	875,000	-	Note b
02 Feb 2016	422p	-	13,197,112	-	-	13,197,112	-	Note c
02 Feb 2016	467p	-	4,399,037	-	-	4,399,037	-	Note d
02 Feb 2016	422p	-	200,000	-	-	200,000	-	Note e
Total all schemes		**3,481,947**	**17,796,149**	**(2,450,000)**	**(156,947)**	**18,671,149**	**-**	

The existing share options at 30 June 2016 are held by the following employees:

Option price	**1p**	**422p**	**467p**	
Grant date	**02-Jun-14**	**02-Feb-16**	**02-Feb-16**	**Total**
Kenneth Alexander	-	8,798,075	-	8,798,075
Richard Cooper	-	4,399,037	-	4,399,037
Lee Feldman (note d)	-	-	4,399,037	4,399,037
Norbert Teufelberger (note e)	-	200,000	-	200,000
Employees	875,000	-	-	875,000
	875,000	**13,397,112**	**4,399,037**	**18,671,149**

Note a: 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. These options were fully exercised on 12 February 2016 at a weighted average price of £1.263.

Note b: These options were granted to certain Directors and employees. The awards will vest in full (and become exercisable) on the share price being equal to or exceeding £6.00 per share for a continuous period of 90 calendar days at any time from the date of grant. If there is a change of control, the awards will vest in full immediately unless the share price is less than £5.00 per share, in which case the Awards will lapse in full. The awards have been treated as vesting over a 3 year period. The directors' options under this scheme were cash cancelled during the period on the Acquisition of bwin.party, and the after-tax proceeds of £5.4 million re-invested in new GVC shares. The remaining fair value of these options was transferred to equity and the additional cost has been recognised as an exceptional item in the period, see note 3.1.1.

Note c: These equity-settled awards were issued on completion of the Acquisition of bwin.party. The options vest and become exercisable, subject to the satisfaction of a performance condition, over 30 months, with one ninth vesting six months after the date of grant and a further ninth vesting at each subsequent quarter. The options lapse, if not exercised, on 2 February 2026. The performance condition is comparator total shareholder return ("TSR") of the Group against the FTSE 250. Each ninth of the shares will have its TSR condition reviewed from the date of grant until the relevant testing date. To the extent the TSR is not met at that time, it is tested again the following quarter and, if necessary, at the end of the 30 month vesting period. In order to vest, the TSR of the Group must rank at median or above against the FTSE 250.

Note d: These awards were issued on the same basis as the awards in Note c but at a higher exercise price which represents the market value of the shares as at the date the scheme became effective. In order to compensate Lee Feldman for the higher exercise price, the Company has agreed to pay him a cash bonus of £2.0 million over the 30 month vesting period of the option, but only upon option vesting and satisfaction of the performance condition described above, and he has to reinvest 50% of the after tax amount retained of this in GVC shares.

Note e: These awards were issued on completion of the Acquisition of bwin.party. The equity-settled options, which are not subject to a performance condition, vest and become exercisable over 24 months, with one seventh vesting six months after the date of grant and a further seventh vesting at each subsequent quarter. The options lapse, if not exercised, on 2 February 2026.

The charge to share-based payments within the consolidated income statement in respect of these options in 2016 was €6.5 million, with a further charge of €12.8 million within exceptional items relating to the cashing-out of the 2014 scheme. Of the 2016 share-based payment charge, €5.9 million related to equity settled options (2015: €0.1 million) and €0.6 million to cash settled options (2015: €0.1 million credit).

13.1 Liability for cash-settled options

During 2015, options granted under a previous scheme were surrendered and in light of this surrender, a new retention plan was put in place. The liability under this plan at 31 December 2015 was €11.7 million. In addition there was a cash-settled option liability in respect of the 2014 scheme of €0.1 million. As a result of the Acquisition of bwin.party, these liabilities were settled in the period and the after-tax proceeds were re-invested in new GVC shares. During the period a new liability was recognised for the cash-settled bonus scheme as set out in note (d) above.

The movements in cash-settled share option liabilities are set out in the table below:

	30 June 2016 €m
Balance at 1 January 2016	**(11.8)**
Charged under the 2 June 2014 scheme (note b above)	**(0.2)**
Settled on the Acquisition of bwin.party	**12.0**
Charged under the 2 February 2016 scheme (note d above)	**(0.4)**
Balance at 30 June 2016	**(0.4)**

13.2 Weighted Average Exercise Price of Options

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

	Weighted average exercise price	**Number of options**	Weighted average exercise price	Number of options
	30 June 2016	**30 June 2016**	31 December 2015	31 December 2015
Outstanding at the beginning of the period	**11p**	**3,481,947**	94p	6,806,947
Granted during the period	**433p**	**17,796,149**	-	-
Exercised during the period	**126p**	**(156,947)**	-	-
Surrendered/bought out in the period	**422p**	**(2,450,000)**	184p	(3,200,000)
Forfeited in the period	**-**	**-**	1p	(125,000)
Outstanding at the end of the period	**413p**	**18,671,149**	11p	3,481,947
Exercisable at the end of the period		**-**		156,947

The options outstanding at 30 June 2016 have a weighted average contractual life of 9.6 years (31 December 2015: 8.4 years).

13.3 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. The Group engaged a third party valuation specialist to provide a fair value for the options.

The 2014 options were valued using a Monte Carlo model due to the performance conditions associated with the options. The 2014 cash-settled options were revalued using a Monte Carol model at 31 December 2015. During the period, the 2014 cash-settled options and some of the 2014 equity-settled options were cashed out at an exercise price of 422p. The excess of the cash settlement over the fair value of the options at the date of the settlement has been recognised in the Consolidated Income Statement as a cost of share-based payments within exceptional items.

The aggregated fair value of the options issued on 2 February 2016 was €15.8 million. These have been calculated based on a correlated simulation comparing the Group and the peer group of companies, being those that were constituents of the FTSE 250 at the grant date, on a risk neutral basis. For simulations that meet the vesting condition, the share price at the test date is discounted from the test date back to the present.

Fair value of share options and assumptions:

Date of grant	Share price at date of grant* (in £)	Exercise price (in £)	Expected volatility	Exercise multiple	Expected dividend yield	Risk free rate**	Fair value at measurement date (in £)
02 Jun 14 – equity settled	4.49	0.01	24%	n/a	10.00%	1.425%	0.41
02 Jun 14 – cash settled	4.49	0.01	21%	n/a	9.40%	0.52%	0.28
02 Feb 16 – equity settled 30 months	4.67	4.22	22%-30%	n/a	10%	n/a	0.57-0.84
02 Feb 16 – equity settled 30 months	4.67	4.67	22%-30%	n/a	10%	n/a	0.37-0.64
02 Feb 16 – equity settled 24 months	4.67	4.22	n/a	n/a	10%	n/a	0.65-0.83

** 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.*

For the 2014 schemes, 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.

For the 2016 schemes, the expected volatilities have been calculated using historical prices for companies that were constituents of the FTSE 250 at the grant date. These options accrue dividend credits and the yield is assumed to be nil for 2016 and 10% thereafter. As the schemes vest on a staggered basis over a period of up to 30 months, the volatilities have been calculated over each relevant time period. The fair value of each phase of the options has been calculated separately, shown as a range in the table above, and the cost of each phase is allocated across the vesting period for that phase.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's principal financial instruments as at 30 June 2016 comprise cash and cash equivalents. The main purpose of these financial instruments is to finance the Group's operations. The Group has other financial instruments which mainly comprise receivables and payables, which arise directly from its operations. During the period, the Group entered into a forward exchange contract to hedge its exposure to the potential GBP funding requirement for the Acquisition of bwin.party, which was to be part-funded by a Euro-denominated loan. Other than that, the Group did not use derivative financial instruments to hedge its exposure to foreign exchange or interest rate risks arising from operational, financing and investment activities. During the six months to 30 June 2016, the Group did not hold or issue derivative financial instruments for trading purposes.

14.1 <u>Fair Values</u>

The carrying amounts of the financial assets and liabilities, including deferred consideration in the Statement of Financial Position at 30 June 2016 and 31 December 2015 for the Group and Company are a reasonable approximation of their fair values.

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 30 June 2016 and 31 December 2015.

At 30 June 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
	€m	**€m**	**€m**	**€m**
Financial assets				
Available for sale financial assets	-	-	2.2	**2.2**
Cerberus loan embedded derivative asset	-	-	22.5	**22.5**
Winunited share option asset	-	-	2.8	**2.8**
Deferred and contingent consideration	-	-	12.4	**12.4**
	-	-	39.9	**39.9**
Financial liabilities				
	-	-	-	**-**

At 31 December 2015	**Level 1**	**Level 2**	**Level 3**	**Total**
	€m	**€m**	**€m**	**€m**
Financial assets				
Available for sale financial asset	-	-	2.6	**2.6**
Winunited share option asset	-	-	3.8	**3.8**
	-	-	6.4	**6.4**
Financial liabilities				
Betit option liability	-	-	(0.7)	**(0.7)**
Forward contract liability	-	(9.9)	-	**(9.9)**
	-	(9.9)	(0.7)	**(10.6)**

There were no transfers between levels in 2016 or 2015.

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 Cerberus loan early repayment option and the Winunited option asset, classed as level 3, are described in detail in note 8 above.

The valuation technique for the Available for sale asset and the contingent and deferred consideration assets and liabilities were discounted cash flow forecasts using the weighted average cost of capital and expected cash flows.

The valuation technique for the forward contract at 31 December 2015 was to value both the put and call elements at mid-market rates based on an expected maturity date of 29 March 2016. The option was exercised in the period.

15. RELATED PARTIES

15.1 Identity of Related Parties

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

15.2 Transactions with Directors and Key Management Personnel

Karl Diacono is the Chief Executive Officer of Fenlex Corporate Services Limited, a corporate service provider incorporated in Malta. During the period ended 30 June 2016, Fenlex received €66,156 from the Group in relation to Company secretarial matters arising in Malta (12 months to December 2015: €97,385).

Richard Cooper received no dividends during the period (12 months to December 2015: €934). The wife of Richard Cooper received no dividends during the period (12 months to December 2015: €184,800) in respect of her interest in the ordinary share capital of the Group.

Lee Feldman received no dividends during the period (12 months to December 2015: €79,265) 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 period ended 30 June 2016, Twin Lakes Capital received €32,238 (12 months to December 2015: €68,715) in relation to office services.

Kenneth Alexander received no dividends during the period (12 months to December 2015: €69,264). The wife of Kenneth Alexander received no dividends during the period (12 months to December 2015: €175,466) in respect of her interest in the ordinary share capital of the Group.

On Acquisition of bwin.party, Norbert Teufelberger became a director of the Group and at this date, he had a loan balance due to the Group of €3.1 million, including accrued interest. This liability was settled in full in the period.

The Group purchased certain customer services of €1.1 million (2015: €nil) from an associate, with amounts owed at 30 June 2016 of
€0.2 million (2015: nil).

The Group purchased certain rights to broadcast licensed media of €3.5 million (2015: €nil) from Conspo, a joint venture, with no amounts outstanding at 30 June 2016 (2015: €nil). Certain expenses are paid on behalf of this associate and repaid to the Group on an ad-hoc basis, resulting in an overpayment by Conspo of €0.1 million (2015: €nil).

16. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

16.1 East Pioneer Corporation Guarantee

On 21 November 2011 the Group entered into a service agreement and guarantee relating to the Acquisition by East Pioneer Corporation B.V. (‘EPC’) from Sportingbet PLC of Superbahis, a Turkish language website. The maximum contingent liability under this agreement at inception was €171 million. The Directors consider this has a fair value of €nil (31 December 2015: €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.

16.2 Indirect taxation

Group companies may be subject to VAT on transactions which have been treated as exempt supplies of gambling, or on supplies which have been exported outside the scope of VAT where legislation provides that the services are received or used and enjoyed in the country where the service provider is located. Where group companies have treated supplies of gambling as exempt based on exemptions available to comparable supplies in the place where the customer is located, the right to exemption may be restricted if the supplies do not have similar characteristics or meet the same needs as other exempt gambling from the customer's point of view. Where group companies have determined the taxable amount for supplies of gambling to be the amount of stakes received less amounts that have to be returned to players, the right to a deduction for amounts returned to players may be restricted to the extent that the obligation to make a payment is not enforceable in the place where the customer is located. Revenues earned from customers located in any particular jurisdiction may give rise to further taxes in that jurisdiction.

If such taxes are levied, either on the basis of current law or the current practice of any tax authority, or by reason of a change in the law or practice, then this may have a material adverse effect on the amount of tax payable by the Group or on its financial position. Where it is considered probable that a previously identified contingent liability will give rise to an actual outflow of funds, then a provision is made in respect of the relevant jurisdiction and period impacted. Where the likelihood of a liability arising is considered remote, or the possible contingency is not material to the financial position of the Group, the contingency is not recognised as a liability at the balance sheet date.

16.3 Capital commitments

The Group has capital commitments contracted but not provided for at 30 June 2016 of €2.3 million (31 December 2015: €nil).

17. BUSINESS COMBINATIONS

17.1 Acquisition of bwin.party

It is part of the core strategy for the Group to improve the quality and mix of the Group's earnings through Acquisitions, especially where these increase the number of markets in which the Group trades and where there are opportunities for high levels of cash generation through synergies. On 1 February 2016, the Group acquired 100% of the share capital of bwin.party digital entertainment plc ("bwin.party"), an online gaming company traded on the Main Market of the London Stock Exchange and listed on the Official List (Premium Segment), for total consideration of €1,506.6 million as set out in the table below. The Acquisition resulted in GVC obtaining control of bwin.party from 1 February 2016, and this has been accounted for as a business combination in the period ended 30 June 2016.

The Group issued a prospectus on 13 November 2015 setting out the terms of the offer, which included an offer of 25p plus 0.231 new GVC shares for each bwin.party share. At the date of the Acquisition, there were 843m bwin.party shares and 14m of exercised share options and the closing price for GVC Holdings PLC shares at the end of trading on the previous day was £4.67. There were 1.6m unexercised share options at the date of Acquisition, which will be settled in cash and shares upon exercise. The total fair value of the consideration paid was €1,506.6 million as set out below:

	No of shares m	Value £m	Exchange rate	Value €m
Total bwin.party shareholding	843.5			
GVC shares issued (0.231 per bwin.party share, at a price of £4.67)	194.8	909.9	1.3205	1,201.5
Cash payment (£0.25 per bwin.party share)		210.9	1.3205	278.5
Cash settled options		18.2	1.3205	24.1
Cash and equity settled options not exercised pre Acquisition		1.9	1.3205	2.5
Total consideration		1,140.9		1,506.6

The fair value of the assets and liabilities recognised at the date of Acquisition is set out in the table below:

	Provisional fair value €m
Assets	
Intangible assets	608.0
Property, plant and equipment	44.5
Trade and other receivables	108.2
Investments and available for sale assets	4.5
Deferred tax	1.9
Assets held for sale	12.3
Short term investments	15.6
Cash	116.2
Total assets	911.2
Liabilities	
Trade and other payables	(82.8)
Client liabilities and progressive prize pools	(118.0)
Provisions	(12.4)
Loans	(39.4)
Taxation including gaming tax	(31.9)
Deferred tax	(81.4)
Total liabilities	(365.9)
Non-controlling interest	1.2
Net assets	**546.5**
Fair value of consideration paid	**1,506.6**
Goodwill recognised	**960.1**
Business combination costs (note 3.1)	**54.7**

The fair value of Trade and other receivables was €108.2 million and includes trade receivables and balances with payment processors with a fair value of €78.7 million. The gross contractual amount for trade receivables and payment processor balances due was €80.2 million, of which €1.5 million was expected to be irrecoverable.

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

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

All contingent liabilities have been provided for at fair value at Acquisition date and subsequently measured at the higher of the amount that would be recognised in accordance with IAS 37, and the amount initially recognised.

The loan was settled post Acquisition.

The total cost recognised in the income statement for the period ended 30 June 2016 was €54.7 million, being the business combination costs incurred and treated as an exceptional cost.

In the year ended 31 December 2015, bwin.party reported revenue of €576.4 million and loss before tax of €40.2 million. If the Acquisition had occurred at the beginning of the period under review, the revenue of the combined entity in the six months to 30 June 2016 would have been €432.0 million and the loss after tax would have been €96.2 million.

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

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

- Integration of some back office functions which may lead to headcount reductions

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

bwin.party contributed €255.5 million of revenue and a €7.8 million loss to the Group's results for the period between the date of Acquisition and 30 June 2016.

18. EVENTS AFTER THE BALANCE SHEET DATE

On 6 July 2016, the Group disposed of its investment in the Sportsman Leisure Industry Solutions GmbH (formerly known as Conspo Sportcontent GmbH). The investment was recognised as an asset held for sale at 30 June 2016. Net profit on disposal was €11.5 million. Under the terms of the Cerberus loan facility, the Group has an obligation to utilise the cash proceeds of a business disposal as a mandatory repayment. Accordingly, the net cash proceeds initially received were used to repay €13.5 million of the outstanding loan balance, reducing the principal amount of the loan to €386.5 million.

On 2 August 2016 the Group announced it had entered into a commitment with Nomura International plc for a replacement of GVC's existing financing arrangements. The €250 million proceeds of the new financing are to be applied towards the repayment of the Cerberus loan facility, with the balance being repaid from existing cash reserves. The new facility has an initial maturity of one year from the signing of the loan agreement, expected to be October 2016, with options to extend for 6 or 12 months.