press release

29 August 2014

bwin.party digital entertainment plc

Unaudited results for the six months ended 30 June 2014

Norbert Teufelberger, Chief Executive Officer, said:

"Trading during the first half of 2014 was mixed with a solid performance from sports betting more than offset by year-on-year declines in casino and poker, particularly in countries that were no longer a core area of focus. We are on-track with our current cost saving measures, however it is clear that a more fundamental approach is needed to turnaround our commercial and operational performance. This requires a major change: we are simplifying our structure to accelerate the execution of our plans to drive revenue growth, increase our focus on customers in nationally regulated and/or taxed markets, and further reduce infrastructure costs. This new approach will also allow us to consider alternative financing and corporate structures in order to create additional value. We are confident that the steps we are taking will underpin our financial performance and remain confident about the full year outlook."

Key points

- Total revenue of €317.1m (2013: €342.5m) reflecting shift from 'volume to value', a soft international poker market and the loss of €11.9m of revenue from Greece following the closure of that market, partially mitigated by a positive FIFA World Cup; nationally regulated and/or taxed markets represented 56% of total revenue (2013: 52%)
- Gross gaming revenue through mobile/touch grew by 125% to €67.4m (2013: €30.0m) with strong growth across all verticals
- Planned cost reductions of €30m* this year remain on-track with savings of €13.8m achieved in H1
- Clean EBITDA~ of €46.4m (2013: €60.7m) has reduced primarily due to €7.3m of operating losses in New Jersey, reduced domain sales and the loss of Greece;
- Non-cash impairment charge of €94.7m (2013: nil) against poker-related and certain other intangible assets resulted in a €94.0m loss after tax (2013: loss of €11.6m)
- Clean EPS~ of 3.0 € cents per share (2013: 4.3 € cents)
- Current trading: in the 8 weeks to 25 August 2014 average daily net revenue was down 4% versus the same period in 2013 due to a later start to the European football leagues; in the same period nationally regulated and/or taxed markets were up 2% versus the same period in 2013
- Major new programme to increase our commercial focus, speed of decision-making and execution that is expected to both drive revenue growth in key markets and deliver further annualised savings of at least €15m in 2015, in addition to the €30m already identified and to be delivered in 2014
- Recommended half year dividend up 5% to 1.89 pence per share (2013: 1.80 pence)

Financial highlights

Six months ended 30 June	**2014 €million**	2013 €million
Net revenue	**295.8**	318.6
Other revenue	**21.3**	23.9
Total revenue	**317.1**	342.5
Clean EBITDA~	**46.4**	60.7
Operating loss	**(100.4)**	(4.9)
Loss after tax	**(94.0)**	(11.6)
Basic EPS (loss) per ordinary share		
Standard	**(11.4)**	(1.3)
Clean~	**3.0**	4.3

**Before incremental costs associated with the acquisition of PXP that was announced on 27 May 2014*

~EBITDA adjusted for exchange differences, reorganisation expenses, income or expenses that relate to exceptional items, and non-cash charges relating to impairments and share-based payments (see reconciliation of Clean EBITDA to operating profit/(loss) below and reconciliation of Clean EPS to Basic EPS in note 4 to the unaudited Financial Information).

Taxed and/or nationally regulated revenue

A segmental analysis of the Group's total revenue between markets that are nationally regulated and/or subject to local gaming taxes and those that are not is provided below:

Total revenue (€ million)	Nationally regulated and /or taxed*		Other		Total	
Six months ended 30 June	**2014**	2013	**2014**	2013	**2014**	2013
Sports betting	**89.1**	78.3	**38.3**	40.7	**127.4**	119.0
Casino & games	**27.6**	25.8	**75.7**	86.4	**103.3**	112.2
Poker	**19.6**	26.3	**24.5**	37.6	**44.1**	63.9
Bingo	**26.0**	27.0	**0.7**	0.6	**26.7**	27.6
Other	**15.6**	19.8	**-**	-	**15.6**	19.8
Total revenue	**177.9**	177.2	**139.2**	165.3	**317.1**	342.5

**Austria, Belgium, Denmark, France, Germany (sports betting only), Italy, Spain, UK and USA (New Jersey)*

Consolidated Key Performance Indicators

Six months ended 30 June	**2014**	2013	*% change*
Active player days (million)	**29.5**	33.3	*(11%)*
Daily average players (000s)	**163.0**	184.0	*(11%)*
Yield per active player day (€)	**10.0**	9.6	*4%*
New player sign-ups (000s)	**485.8**	507.8	*(4%)*
Average daily net revenue (€000)	**1,634.3**	1,760.2	*(7%)*

Full details of all of the Group's historic quarterly key performance indicators can be downloaded from the Group's website at: www.bwinparty.com.

Current trading, outlook and half year dividend

Trading since 30 June 2014 has been in-line with our expectations with average daily net revenue down 4% versus last year. While the tail end of the FIFA World Cup delivered a helpful boost to betting volumes during the first two weeks of July, a later start to the Bundesliga in Germany (22nd August) and La Liga in Spain (23rd August) made for a more challenging year-on-year comparison during the current trading period.

Regulated and/or taxed markets were up 2% over the same period, driven by sports betting that was up 11% and casino that was up 7%.

A summary of the current trading performance for the 8 weeks to 25 August 2014 in terms of net daily revenue relative to the same period in 2013 and also to Q2 2014 is shown below:

Average daily net revenue (€)	8 weeks to 25 August 2014	2013	% change	Q2 2014	% change
Sports betting	580,300	535,000	*8%*	668,100	*(13%)*
Casino & Games	541,300	555,500	*(3%)*	534,000	*1%*
Poker	177,500	262,400	*(32%)*	202,800	*(12%)*
Bingo	133,900	134,100	*0%*	140,200	*(4%)*
Total	**1,433,000**	**1,487,000**	*(4%)*	**1,545,000**	*(7%)*

Performance by business segment

Six months ended 30 June	Total revenue			Clean EBITDA		
	2014 €million	2013 €million	*% change*	**2014 €million**	2013 €million	*% change*
Sports betting	**127.4**	119.0	*7%*	**21.7**	25.8	*(16%)*
Casino & games	**103.3**	112.2	*(8%)*	**23.6**	24.5	*(4%)*
Poker	**44.1**	63.9	*(31%)*	**(1.4)**	7.2	*(119%)*
Bingo	**26.7**	27.6	*(3%)*	**5.3**	2.8	*89%*
Other	**15.6**	19.8	*(21%)*	**(2.8)**	0.4	*(800%)*
Total operations	**317.1**	342.5	*(7%)*	**46.4**	60.7	*(24%)*

Sports betting

- Total stakes down 5% to €1.35bn reflecting the shift from 'volume to value' and the loss of Greece, partially offset by increased activity around the FIFA World Cup; sports betting active player days overall were down 2% but up 20% in nationally regulated/taxed markets
- Revenue up 7% to €127.4m due to an increased gross win margin and growth in nationally regulated and/or taxed markets
- New player sign-ups up 7% overall and up 40% in nationally regulated and/or taxed markets
- Yield per active player day up 8% from €6.1 to €6.6 due to shift from 'volume to value' and an increase in gross win margin to 10.3% (2013: 9.2%)
- Mobile/touch: 35% of gross gaming revenue in Q2 2014 (Q2 2013: 21%)
- Nationally regulated and/or taxed markets were 70% of sports betting revenue (2013: 66%)
- Clean EBITDA reduced due to the loss of Greece and the phasing of marketing costs ahead of the FIFA World Cup

Casino and games

- Total stakes down 5% to €3.40bn (2013: €3.58bn) reflecting impact of lower cross-sell revenues from poker, shift from 'volume to value' and the loss of Greece; while there was some mitigation from an increase in cross-sell from sports-betting and the addition of New Jersey, active player days were down 11%; in nationally regulated and/or taxed markets active player days were flat
- Yield per active player day was up 2% at €29.8 (2013: €29.2) due to increased activity per player arising from our shift from 'volume to value' partially offset by a lower gross win margin
- Slight reduction in gross win margins to 3.6% (2013: 3.8%) due to increased proportion of wagers on lower margin table games and live dealer
- Mobile/touch: 9% of gross gaming revenue in Q2 2014 (Q2 2013: 6%)
- Nationally regulated and/or taxed markets were 27% of casino and games revenue (2013: 23%)
- Clean EBITDA was broadly flat with the loss of Greece and operating losses in New Jersey offset by cost reductions

Poker

- Gross gaming revenue down 37% reflecting lower poker volumes in Europe and the loss of Greece, partially mitigated by revenues from New Jersey; poker active player days down 32%
- Mobile/touch: 5% of gross gaming revenue in Q2 2014 (Q2 2013: 2%)
- Nationally regulated and/or taxed markets represented 44% of poker revenue (2013: 41%)
- Clean EBITDA impacted by operating losses in New Jersey as well as lower revenue from the dotcom, Italian, French and Spanish poker markets

Bingo

- Revenue down 3% further market declines in Italy and a competitive UK market ahead of the introduction of the UK point of consumption tax
- Active player days down 15% but yield per active player up 14%
- Mobile/touch: 24% of gross gaming revenue in Q2 2014 (Q2 2013: 4%) driven by new FoxyBingo App released in the UK
- Nationally regulated and/or taxed markets represented 97% of bingo revenue (2013: 98%)
- Clean EBITDA increased by 89% due to reduction in costs

Other

- 21% decline in other revenue to €15.6m (2013: €19.8m) driven by the absence of domain sales

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Interviews with Norbert Teufelberger and Martin Weigold

Interviews with Philip Yea, Non-Executive Chairman, Norbert Teufelberger, Chief Executive Officer, and Martin Weigold, Chief Financial Officer, in video/audio and text will be available from 7.00am BST on 29 August 2014 on: http://www.bwinparty.com.

Analyst meeting, webcast, dial-in and conference call details: 29 August 2014

There will be an analyst meeting for invited UK-based analysts at Numis Securities, The London Stock Exchange Building, 10 Paternoster Square, London, EC4M 7LT starting at 9.30am BST. There will be a simultaneous webcast and dial-in broadcast of the meeting. To register for the live webcast, please pre-register for access by visiting the Group website (www.bwinparty.com). Details for the dial-in facility are given below. A copy of the webcast and slide presentation given at the meeting will be available on the Group's website later today.

Dial-in details to listen to the analyst presentation at 9.30am, 29 August 2014

9.20 am	*Please call:+44 (0) 203 003 2666*
Title	*bwin.party Half Year Results*
9.30 am	*Meeting starts*

A recording of the meeting will be available for a period of seven days from 29 August 2014. To access the recording please dial the following replay telephone number:

Replay telephone number:	*+44 (0) 208 196 1988*
Replay passcode:	*7433277#*

Conference call: 2.30pm, Friday 29 August 2014

For international analysts and investors there will be an opportunity to put questions to Norbert Teufelberger, Chief Executive Officer, and Martin Weigold, Chief Financial Officer, on a conference call using the following number:

2.20pm	*Please call:+44 (0) 203 003 2666*
Title	*bwin.party Half Year Results*
2.30pm	*Conference call starts*

A recording of the conference call will be available for seven days from 29 August 2014 on the following number:

Replay telephone number	*+44 (0) 208 196 1988*
Replay passcode:	*7433277#*

All times are British Summer Time (BST).

About bwin.party

bwin.party digital entertainment plc (LSE: BPTY) is a global online gaming company. The Company was formed from the merger of bwin Interactive Entertainment AG and PartyGaming Plc on 31 March 2011. Incorporated, licensed and regulated in Gibraltar, the Group also has licences in Alderney, Austria Belgium, France, Italy, Denmark, Germany (Schleswig-Holstein), Spain and the necessary approvals to operate in New Jersey. With offices in Europe, India, Israel and the US, the Group generated revenue of €652.4m and Clean EBITDA of €108.0m in 2013. bwin.party commands leading market positions in each of its four key product verticals: online sports betting, casino & games, poker and bingo with some of the world's biggest online gaming brands including bwin, partypoker, partycasino and FoxyBingo. The Group's scale, technology and strong portfolio of games collectively differentiate its customer offer from those of its competitors. bwin.party is a constituent member of the FTSE 250 Index and the FTSE4Good Index Series, which identifies companies that meet globally recognised corporate responsibility standards. For more information about bwin.party, visit www.bwinparty.com.

Chief Executive's review

Introduction

Trading during the first half of 2014 was mixed with a solid performance from sports betting more than offset by year-on-year declines in casino and poker, particularly in markets that were not nationally regulated and/or taxed and, as planned, are no longer a core area of focus. Despite increased betting volume on the FIFA World Cup that commenced in June, revenue declined by 7% to €317.1m (2013: €342.5m) while Clean EBITDA also fell to €46.4m (2013: €60.7m) hampered by the loss of Greece, operating losses in New Jersey, reduced domain sales and a soft poker market.

The transition to nationally regulated and taxed markets is continuing with many European countries including Bulgaria, Hungary, the Netherlands, Portugal and Switzerland to name but a few, at various stages of progress. Elsewhere, such as in Germany and Greece, regulatory uncertainty persists either because laws have yet to be implemented or because the consistency of the regime with EU law is being challenged.

In the United States, the market in New Jersey remains smaller than expected and while online poker bills in California and Pennsylvania were introduced earlier in the year, neither has become law in the current legislative session. Separately a federal initiative seeking to ban all forms of online gaming across the United States has also been introduced although its prospects for success remain unclear.

As well as regulatory change, the importance of multi-channel distribution including mobile and touch is increasing, as is the need to be present across social media as consumers spend more time on the move and are connected through multiple platforms and devices. Delivering an increasingly diverse range of products, whilst meeting all of the market specific regulatory and technology-driven requirements, is placing ever greater strains on the technology infrastructure of all licensed operators.

Recent corporate activity in the sector seems likely to prompt further sector consolidation supported by an apparent appetite to finance such activity.

In light of the above, the Board believes that a more fundamental approach is required in order to turnaround our operating and financial performance as well as ensure that the value of the Group's assets are maximised.

We have therefore launched a major new initiative to re-vitalise our commercial performance. The reorganisation of our senior management structure earlier this month was the first stage in the simplification of our operations to remove duplication, as well as increase transparency and accountability. This will increase our focus, speed-up decision-making and improve the execution of our plan that has as its primary objective to drive revenue growth, with the added benefit of reducing costs. Our goal will be to restore a uniformly high quality experience for our customers irrespective of product, jurisdiction or channel. This new approach allows us to consider new opportunities for certain parts of our business, including the option to create value through alternative corporate and/or financing structures, should this meet our wider objectives.

As a result of this initiative, we expect to both drive revenue growth in key markets and deliver further annualised savings of at least €15m in 2015, in addition to the €30m already identified and to be delivered in 2014.

We are making good progress on potential transactions involving non-core assets and expect to make further announcements in due course. By focusing on our core business areas we expect to both improve our operating and financial performance as well as generate cash proceeds from disposals.

H1 2014 - Operational developments

Increased focus on regulated and to-be-regulated markets

We have continued to make good progress on increasing the proportion of the Group's total revenue coming from nationally regulated and/or taxed markets (56% in H1 2014 versus 52% in the same period in 2013). Whilst Clean EBITDA margins tend to be lower than from dotcom markets due to restricted product offerings, bespoke compliance obligations and incremental gaming taxes, revenue streams are continuing to grow.

Improving our customer offer

The first half of 2014 saw us enhance our games portfolio with a number of new products, promotions and mobile extensions across each of our product verticals.

Sports betting – we have continued to make good progress on expanding our mobile/touch footprint in sports betting, increasing the share of gross gaming revenue coming through these devices to 33% in the first half (2013: 17%) and 39% in June 2014 (June 2013: 23%). The launch of our new 'MS2' mobile sports product has proven to be very popular in Spain, the first territory to receive the product. While high betting volumes on the FIFA World Cup helped to drive player activity, in conjunction with the launch of new native apps in iOS and Android, mobile and touch represented 51% of sports betting gross gaming revenue in Spain in June (2013: 29%). In certain markets the proportion coming through mobile and touch was even higher – in the UK for example, whilst a relatively small market for our bwin brand, the figure was 83% in June 2014. Separately, we launched a facility for 'early cashout' enabling customers to unwind their bets before the sporting event was complete and this has proven to be a popular addition to our product suite.

Casino & games – the first half of 2014 was focused on preparing for the roll-out of 140 new games on both desktop and mobile/touch from third parties such as IGT, WMS and NetEntertainment. The first wave of new games was launched in June 2014 with more games to follow in the second half. A more tailored offer on the bwin label has resulted in a marked increase in cross-sell volumes that has helped to mitigate the impact of lower cross-sell volumes from partypoker. The share of casino gross gaming revenue through mobile and touch reached 13% in June, up from 6% in the same period last year.

Poker – the first six months of this year have seen the addition of a number of new features and functionality aimed at improving the overall experience for our customers including 'universal sit-out' and 'casual cash games', to create a healthier game ecology, as well as 'auto-rebuy' and 'auto add-on' features. We delivered a significant expansion of our mobile footprint with the release of Android and iOS applications in New Jersey, Belgium and on dotcom, including 'sit and go' single-table tournament functionality and have launched in public beta a mobile version of our *FastForward* product that includes a number of unique features and functions, all built in HTML5. World Poker Tour has enjoyed a strong first half with new sponsorship deals with Monster® headphones and Hublot watches and the addition of a number of new live tournaments including the WPT500 at Aria Resort and Casino in Las Vegas, where many of our online players were able to participate after winning their entries via online qualification tournaments.

Bingo – Since it went live earlier this year, the customer response to our new FoxyBingo mobile app has been very encouraging. We have seen a major increase in player activity through mobile/touch and in June 2014 72% of all new player registrations and 28% of gross gaming revenue came through mobile/touch – that compares with 25% and 6% respectively a year earlier.

Evolving our technology

We have made solid progress in the first half on continuing to evolve our technology set-up and infrastructure. We have completed the majority of our agile training and created 92 scrum teams as part of our transition to the agile working methodology that is helping us to improve our software release cycle as well as reduce our technical debt and improve the quality of our software releases. Having been preparing for the migration of our technology platforms in France during the first half, we expect to complete the migration before the end of September 2014 and have started work on the same exercise ahead of the migration of our Italian platforms. In New Jersey, we have continued to evolve our product offer with the roll-out of a mobile offer on 3G/4G and are continuing to develop improved processes to improve release cycle times.

Digital and mobile marketing

We have made significant progress on consolidating our digital marketing capabilities. We are drawing upon the expertise of several third parties to develop a fully integrated marketing platform across all channels that is supported by a common internal governance protocol (covering data management, product and user experience).

We have already made some immediate improvements to how we serve our customers, especially in the mobile space where in the first half of 2014 we have extended our capability from an acquisition and retention perspective. Following some early success with our mobile campaigns around the FIFA World Cup, we ran a total of 224 iOS campaigns and 227 Android campaigns across six countries during the tournament with a total of 12.3 million customer contacts sent that prompted over 200,000 customer actions which contributed to the overall growth in mobile usage in the period.

Other developments

Industry structure

The acquisition of Rational Group by Amaya Corporation earlier this year altered the online gaming landscape significantly. Whilst focused on restoring shareholder value through improved commercial and operational performance, the Board is clear that bwin.party should be prepared to play an active role in any future reshaping of the industry if further value can be delivered.

Payments

Following the acquisition of PXP in May 2014, we have continued to invest in Kalixa and are in advanced discussions with an international corporation regarding a strategic partnership that will provide Kalixa with access to new markets and bring additional third-party business volumes.

Regulatory developments

Whilst several jurisdictions around the world are continuing to explore the possible introduction of online gambling legislation, the regulatory landscape has seen little change during the first half. A summary of some of the key regulatory developments affecting our business is set out in the Appendix.

Impairment of intangible assets

In accordance with IAS 36, the Group regularly monitors the carrying value of its intangible assets. A detailed review was undertaken at 30 June 2014 to assess whether the carrying value of assets was supported by the net present value of future cashflows derived from those assets using cashflow projections for a ten-year period. As a result of the review, a non-cash impairment charge of €94.7m has been taken in the period relating to intangible assets within poker and social gaming. Further details are set out in note 5 to the financial information.

Board changes

During the reporting period there were two changes to the composition of the Board of Directors. On 22 May 2014 Manfred Bodner stepped down as a Non-Executive Director, it having been agreed that his future contribution to the Company's strategy, brand management and digital marketing would be most effectively obtained by way of an annual consultancy agreement. On 10 June 2014 Daniel Silvers was appointed a Non-Executive Director. This appointment was made under the terms of a relationship agreement entered into by amongst others, bwin.party, Emerald Bay Limited ('Emerald') and Stinson Ridge Limited ('Stinson') that was approved by shareholders on 28 January 2011 and to which SpringOwl Gibraltar Partners B Limited ('SpringOwl') became a party on 28 February 2014 as a result of acquiring more than 5% of bwin.party's issued share capital from Emerald and Stinson together with the director nomination right. SpringOwl exercised this nomination right on 22 May 2014.

In respect of the Company's announcement on 16 May 2014 regarding Director changes and succession planning, the Board's Nominations Committee is progressing its search for suitable candidates to succeed Rod Perry (Deputy Chairman, Senior Independent Director and Chairman of the Remuneration Committee) and Helmut Kern (Chairman of the Audit & Risk Committee) and also candidates with extensive knowledge and expertise in information technology and in consumer-facing digital businesses.

Dividend and share buy-back

In line with our stated dividend policy, the Board has declared a half year dividend of 1.89 pence per Ordinary share (2013: 1.80 pence) representing a 5% increase over the prior year. The half year dividend will be payable to shareholders and depositary interest holders on the register of shareholders and register of depositary interest holders respectively on 12 September 2014 (the 'Record Date'). It is expected that dividends will be paid on 10 October 2014. Shareholders wishing to receive dividends in Euros rather than Pounds Sterling will need to register a currency election with bwin.party's registrars on or before 19 September 2014. A separate announcement regarding the dividend payment has been issued today.

The Board renewed the authority to repurchase up to 10% of the Company's issued share capital at the Company's AGM on 22 May 2014. To the extent that non-core assets are sold and subject to market conditions, the Board will look to use the net proceeds of any such disposals to buy back the Company's shares up to the limit already approved by shareholders. Any shares repurchased by the Company will be cancelled.

Plans for the rest of 2014 and into 2015

We remain focused on maximising both the accessibility and appeal of our gaming products and services. This will continue for the rest of the year and into 2015 as we continue to improve both our operational focus and the customer experience.

1. Simplifying our operations to improve performance and deliver additional cost savings

Our shift from 'volume to value' saw us concentrate our acquisition marketing on sustainable, nationally regulated and/or taxed markets whilst at the same time seeking to retain our existing valuable customers from dotcom regulated markets for as long as possible. Whilst the proportion of our revenue now coming from sustainable markets has increased, the overall reduction in revenue together with a reduction in associated costs means that the shape and design of our business can now be optimised further. As a result, we are effecting a major change to our business operations as follows:

Europe

In order to improve overall customer experience as well as increase the rates of cross-sell and customer lifetime values, tactical responsibility for product development, marketing and customer lifetime management will no longer be driven by product but by label: bwin will be our lead B2C label for customers in Europe supported by the party labels, including Foxy Bingo.

US

Our real money B2C businesses in the US, will operate using the partypoker and World Poker Tour brands. As revenues build and further states regulate we plan to establish the requisite additional infrastructure so that our US B2C business can operate independently thereby opening up the possibility of alternative financing structures in the future.

B2B operations

Our B2B activities including our agreements with PMU, Danske Spil and Fortuna as well as our interest in Conspo, whilst relatively small in the context of the Group, represent a promising business opportunity and an area that we will continue to foster.

Technology – bwin.party studios

Our B2C and B2B operations will be supported by our centrally provided technology function to be renamed 'bwin.party studios'. Our US operations (both B2C and B2B) will also continue to be supported centrally but as that market expands over time it will likely begin to establish its own infrastructure in order to be able to operate as a stand-alone business at some point in the future. The timing of the transition will be determined by the pace and scale of regulatory change in the US.

Kalixa

As noted above, our payments business is continuing to make good progress towards building third-party revenues and, in conjunction with these initiatives, the Board has appointed financial advisors to conduct a review of the strategic options now available for Kalixa. Options currently being considered include an IPO of the Kalixa business once the scale of its third party business meets certain thresholds.

We believe that the principal benefits of these changes to our business operations will include:

- (i) Increased focus, faster decision-making and execution;
- (ii) Improved cross-sell levels across the Group that will help to drive additional revenue growth;
- (iii) The elimination of duplication within each of the Group's B2C product verticals resulting in a further reduction in costs by at least €15m per annum in 2015; and
- (iv) The creation of additional options to increase value through alternative corporate and/or financing structures for certain parts of our business, depending on our wider strategic objectives.

2. Focus our marketing efforts on fewer brands in Europe and the US

The Group owns some of the best recognised brands in the online gaming industry. Given its heritage and the significant investment over the past 15 years, the bwin label commands a strong level of brand awareness. This has translated into significant presence in a number of nationally regulated and/or taxed markets, particularly in the field of sports betting which remains bwin's key product category. Based on independent research commissioned by the company[1] the bwin brand continues to attract a significant proportion of active real money customers in several nationally regulated and/or taxed markets including Belgium (20%), France (21%), Germany (43%) Italy (25%), Spain (49%).

As a result, our marketing focus in Continental Europe will be on the bwin label although we will also continue to support certain of our other labels in some markets. This will include the UK that remains the world's largest online bingo market where FoxyBingo continues to enjoy a leading position.

In the US, our partypoker and World Poker Tour brands are synonymous with poker and continue to attract large numbers of players as evidenced by the success of our recent 'WPT500 at ARIA Resort & Casino' event that attracted 3,599 entries, generating a total prize pool of $1.8m, well in excess of our $1 million guarantee and delivering a first place prize for the winner of $260,000. This followed earlier signature events at the Borgata Hotel Casino and Spa in New Jersey and the Thunder Valley Casino Resort near Sacramento in California, both of which helped to drive a 46% increase in the number of entrants versus the previous season. WPT also achieved its highest ratings on Fox over the past six years and has recently launched some of its historic content on CBS Sports Network in the US.

3. Continue to enhance our product suite

Given the high bar now set by digital consumers in every market, this is a pre-requisite for long-term success. We aim to keep our product offering fresh, add new games and features whilst seeking to exploit new channels through innovative technology and creative thinking. Whilst we will continue to rely on our in-house expertise to drive this effort in sports betting and poker, in casino & games we have already been able to exploit the knowledge and expertise of others such as IGT and WMS and are actively seeking other content providers that will meet our demand for great games and content.

4. Expand mobile/touch

Increasing accessibility to our games and services is one of our core business drivers and requires that we offer a great customer experience through mobile and touch devices in all of our key markets. Whilst our diverse geographic footprint and the continued transition of several countries towards a nationally regulated framework makes this challenging, at the time of our full year results in March 2014, we set out our target to reach 50% of our gross gaming revenue coming from mobile/touch devices by the end of 2015. In the second quarter of 2014 mobile and touch represented 35% of gross gaming revenue in Sports betting and 21% across all products, a marked uplift from 12 months ago (21% and 9% respectively). We are convinced that the popularity of real money gaming seen through this channel in the UK can and will be replicated across Europe – in the markets where our brands are strong. As a result we remain confident of achieving our target by the end of 2015 and will continue to upgrade our existing native offers on iOS and Android and launch new tailored applications including an upgraded version of our MS2 sports betting product across several markets.

However, increasing our mobile footprint is not limited to sports betting. In poker we will release new Android and iOS applications in France, Italy and the UK and plan to add multi-table tournaments to our suite of mobile products later this year. In casino, we plan to launch all new iOS and Android applications for partycasino incorporating a new lobby that is expected to go live on desktop within the coming weeks.

Norbert Teufelberger
Chief Executive Officer

[1] *TNS Info Research Austria – August 2014*

SUMMARY OF RESULTS

Total revenue

Six months ended 30 June	2014 €million	2013 €million
Sports betting	**127.4**	119.0
Casino & Games	**103.3**	112.2
Poker	**44.1**	63.9
Bingo	**26.7**	27.6
Other	**15.6**	19.8
Total	**317.1**	342.5

Clean EBITDA

Six months ended 30 June	2014 €million	2013 €million
Sports betting	**21.7**	25.8
Casino & Games	**23.6**	24.5
Poker	**(1.4)**	7.2
Bingo	**5.3**	2.8
Other	**(2.8)**	0.4
Total	**46.4**	60.7

Total revenue fell 7% to €317.1m (2013: €342.5m) reflecting lower revenues from markets that are not nationally regulated and/or taxed, further declines in poker, the loss of Greece and the absence of domain sales in the first half of 2014. While the impact of the FIFA World Cup offset each of these factors in sports betting, our poker and our casino & games verticals both declined year-on-year. The drop in revenue, together with start-up losses from New Jersey meant that Clean EBITDA declined to €46.4m (2013: €60.7m). Within Clean EBITDA were operating losses of €7.3m (2013: €1.5m) related to New Jersey.

While amortisation fell by 16% to €30.0m (2013: €35.7m) and depreciation charges fell to €11.4m (2013: €12.2m), the non-cash impairment charge of €94.7m was the primary driver behind the reported loss after tax of €94.0m (2013: €11.6m).

Basic loss per ordinary share was 11.4 € cents (2013: loss per share 1.3 € cents). Clean EPS fell to 3.0 € cents (2013: 4.3 € cents).

The following table provides a reconciliation of the movements between Clean EBITDA and operating loss:

Reconciliation of Clean EBITDA to operating loss

Six months ended 30 June	2014 €million	2013 €million
Clean EBITDA	**46.4**	60.7
Exchange differences	**(0.9)**	(4.0)
Depreciation	**(11.4)**	(12.2)
Amortisation	**(30.0)**	(35.7)
Retroactive taxes and associated charges	**-**	(0.6)
Share-based payments	**(5.6)**	(9.9)
Merger and acquisition expenses	**(0.7)**	(0.2)
Impairment losses	**(94.7)**	-
Reorganisation expenses	**(3.5)**	(3.0)
Loss from operating activities	**(100.4)**	(4.9)

Each of our consolidated key performance indicators, which are based on net revenue, are highlighted below.

Consolidated Key Performance Indicators

Six months ended 30 June	2014	2013	Change
Active player days (million)	**29.5**	33.3	*(11%)*
Daily average players (000s)	**163.0**	184.0	*(11%)*
Yield per active player day (€)	**10.0**	9.6	*4%*
New player sign-ups (000s)	**485.8**	507.8	*(4%)*
Average daily net revenue (€000)	**1,634.3**	1,760.2	*(7%)*

Active player days fell by 11% reflecting our decision to cease acquisition marketing and registration in certain dotcom markets, the loss of Greece and the continued pressures in the European poker market. The FIFA World Cup and revenues from New Jersey were mitigating factors but these were insufficient to offset the decline elsewhere. Driven by our focus on more valuable customers, yield per active player day increased by 4% with increases in all product verticals except poker that remained flat. In poker, which is heavily dependent on player liquidity, the most valuable players are not necessarily those with the highest yields. Overall, new player sign-ups fell by 4% driven by our 'volume to value' initiative with new player sign-ups falling by 45% in markets that were not nationally regulated and/or taxed. However, in nationally regulated and/or taxed markets the picture was very different with a 22% increase year-on-year to 373,600 (2013: 305,300). Despite a healthy performance in the FIFA World Cup, the loss of Greek revenue and continued decline in the European poker market meant that average daily net revenue decreased by 7% from €1,760,200 to €1,634,300.

A detailed review of each of the individual product segments is described below. Full details of all of the Group's historic quarterly key performance indicators can be downloaded from the Group's website at: www.bwinparty.com.

Sports betting

Six months ended 30 June	2014 €million	2013 €million	Change
Total stakes	**1,352.9**	1,417.9	*(5%)*
Gross win margin	***10.3%***	*9.2%*	*13%*
Gross revenue	**139.6**	130.0	*7%*
Bonuses and other fair value adjustments to revenue	**(14.1)**	(11.7)	*(21%)*
Net revenue	**125.5**	118.3	*6%*
Other revenue	**1.9**	0.7	*171%*
Total revenue	**127.4**	119.0	*7%*
% of total revenue from nationally regulated and/or taxed markets*	***70%***	*66%*	*6%*
Cost of sales	**(29.8)**	(27.4)	*(9%)*
Gross profit	**97.6**	91.6	*7%*
Clean EBITDA	**21.7**	25.8	*(16%)*
Clean EBITDA margin	***17.0%***	*21.7%*	*(22%)*

**Austria, Belgium, France, Denmark, Germany, Italy, Spain and UK*

Sports betting - Key Performance Indicators

Six months ended 30 June	2014	2013	Change
Active player days (million)	**19.0**	19.3	*(2%)*
Daily average players (000s)	**105.0**	106.6	*(2%)*
Yield per active player day (€)	**6.6**	6.1	*8%*
New player sign-ups (000s)	**328.7**	307.6	*7%*
Average daily net revenue (€000)	**693.4**	653.6	*6%*

The impact on overall betting volumes of the shift from 'volume to value' and the loss of Greece were partially mitigated by the FIFA World Cup that commenced on 12 June. While overall betting volumes fell 5%, the total amount wagered from nationally regulated and/or taxed markets increased by 17% year-on-year driven by a 20% increase in active player days and a 40% increase in new player sign-ups reflecting the shift in our marketing approach towards more sustainable markets. This, together with a healthy uplift in player yield meant that gross revenue increased by 7% and in nationally regulated and/or taxed markets gross revenue increased by 16%. Promotions around the FIFA World Cup meant that overall bonus costs increased slightly relative to both total amount wagered as well as gross revenue but net revenue still increased by 6% overall and by 14% in nationally regulated and/or taxed markets. Whilst overall net revenue and gross profit increased, a significant marketing push in June ahead of the FIFA World Cup coupled with the loss of Greece meant that Clean EBITDA from sports betting was €21.7m versus €25.8m the previous year.

The increasing use of mobile and touch devices by our customers is borne out by the strong growth in the proportion of total sports betting gross gaming revenue now coming through this channel – it increased by 107% in absolute terms to €23.4m (2013: €11.3m) and represented 35% of total sports betting GGR (2013: 21%). With native apps available in all key markets (except France), we increased our footprint further with the launch of our new MS2 sports betting mobile product in Spain. Whilst we are continuing to refine this latest addition to our mobile product offering, it is already our most popular mobile channel in Spain as measured by number of users.

Key objectives for 2014/15:
As well as continuing to expand our mobile and touch footprint, an extensive pipeline of product enhancements is planned in sports betting for the second half of 2014. In addition to a series of content-rich, non-betting applications focused on driving customer engagement we will also release an exciting first in combination betting and provide customers with a dedicated zone/application tailored for this popular product. We are also set to launch a combination bet feature that we believe is unique and will drive both volumes and margin.

Building on our B2B agreement with Fortuna Entertainment Group that was announced in January 2014, we continue to seek further B2B agreements, leveraging further our extensive sports content.

Casino & games

Six months ended 30 June	2014 €million	2013 €million	Change
Total stakes	**3,397.3**	3,578.3	*(5%)*
Gross win margin	***3.6%***	*3.8%*	*(4%)*
Gross revenue	**124.0**	135.4	*(8%)*
Bonuses and other fair value adjustments to revenue	**(22.8)**	(24.6)	*7%*
Net revenue	**101.2**	110.8	*(9%)*
Other revenue	**2.1**	1.4	*50%*
Total revenue	**103.3**	112.2	*(8%)*
% of total revenue from nationally regulated and/or taxed markets*	***27%***	*23%*	*17%*
Cost of sales	**(6.1)**	(5.5)	*(11%)*
Gross profit	**97.2**	106.7	*(9%)*
Clean EBITDA	**23.6**	24.5	*(4%)*
Clean EBITDA margin	***22.8%***	*21.8%*	*5%*

**Austria, Belgium, Denmark, Italy, Spain, UK and US (New Jersey)*

Casino & Games - Key Performance Indicators

Six months ended 30 June	2014	2013	Change
Active player days (million)	**3.4**	3.8	*(11%)*
Daily average players (000s)	**18.8**	21.0	*(11%)*
Yield per active player day (€)	**29.8**	29.2	*2%*
New player sign-ups (000s)	**25.2**	33.1	*(24%)*
Average daily net revenue (€000)	**559.1**	612.2	*(9%)*

Total stakes fell by 5% versus the prior year reflecting the shift towards nationally regulated and/or taxed markets, the loss of Greece and a continued challenging poker market that is a driver of cross-sell revenue for partycasino. While the addition of casino revenue from New Jersey and increased cross-sell from sports betting were both mitigating factors, the drop in stakes fed through into gross revenue that was also impacted by a reduction in gross win margin as the increasing proportion of sports betting customers shifted the games mix towards lower hold games.

While revenues from nationally regulated and/or taxed markets increased by 4%, for the reasons outlined above the revenue from other markets fell by 12%, the result being that net revenue fell by 9%. Other revenue benefited from the launch of Borgata's online casino in November 2013 and this, along with cost reductions made, led to an increase in Clean EBITDA margins to 22.8%. This mitigated most of the drop in revenue and meant that Clean EBITDA declined by 4% to €23.6m (2013: €24.5m).

Objectives for 2014/15:
As noted above while the decline in poker revenues has impacted our casino performance, we have made solid progress on increasing the number of games in our product suite as well as the cross-sell from sports betting on the bwin label and we aim to drive this further over the coming months. We have already seen the benefits that even small changes to product positioning and promotions can have on increasing overall revenue and this process will continue over the coming months. Around 52% of active casino customers on bwin.com now come from sports, while 62% of partycasino customers come from poker on dotcom and 77% of our casino customers in New Jersey come from poker.

On the product front, now that the decree allowing online slots in Spain has been published by the regulator, we are studying the product requirements with the intention of launching as soon as we are allowed to. Current indications are that this will be some time during the fourth quarter of 2014 but the date has not yet been fixed.

Whilst we are making good progress on increasing our mobile footprint, with mobile and touch representing 9% of total casino gross gaming revenue in the second quarter of 2014 versus 6% a year ago, we are determined to go much further. Having already introduced new games for mobile this year, we will add more games by the end of this year and will also introduce new mobile apps for our casino products.

Poker

Six months ended 30 June	2014 €million	2013 €million	Change
Gross revenue	**49.7**	78.5	*(37%)*
Bonuses and other fair value adjustments to revenue	**(7.0)**	(16.2)	*57%*
Net revenue	**42.7**	62.3	*(31%)*
Other revenue	**1.4**	1.6	*(13%)*
Total revenue	**44.1**	63.9	*(31%)*
% of total revenue from nationally regulated and/or taxed markets*	***44%***	*41%*	*7%*
Cost of sales	**(5.1)**	(7.7)	*34%*
Gross profit	**39.0**	56.2	*(31%)*
Clean EBITDA	**(1.4)**	7.2	*(119%)*
Clean EBITDA margin	*(3.2%)*	*11.3%*	*(128%)*

**Austria, Belgium, Denmark, France, Italy, Spain, UK and US (New Jersey)*

Poker - Key Performance Indicators

Six months ended 30 June	2014	2013	Change
Active player days (million)	**6.7**	9.8	*(32%)*
Daily average players (000s)	**37.0**	54.1	*(32%)*
Yield per active player day (€)	**6.4**	6.4	*0%*
New player sign-ups (000s)	**68.6**	97.0	*(29%)*
Average daily net revenue (€000)	**235.9**	344.2	*(31%)*

The challenges posed by ring-fenced player liquidity in certain nationally regulated markets and a dominant competitor in the form of PokerStars continued during the first half of 2014. As noted elsewhere, poker market declines were experienced in key markets during the first half including France, Italy and Spain which given our significant footprint in these territories made for a difficult backdrop. The usual seasonal drop in the second quarter was exacerbated this year by the FIFA World Cup. Similar seasonal fluctuations appear to have also impacted New Jersey where the market delivered sequential month-on-month declines in April, May and June and the overall market remains smaller than was originally forecast by market commentators.

Despite the challenging backdrop, we have continued to deliver meaningful improvements to our product offer with a much expanded tournament schedule and the addition of a number of new features and functions on both desktop and mobile. Our universal sit-out feature means that players can no longer choose to sit out on certain tables but not on others thereby improving the experience for all players and the network as a whole. Our ‘casual cash games’ function, which limits players on certain tables, has seen a marked improvement in player retention. Whilst popular amongst casual players, these tables are less attractive for multi-tabling experienced players who tend to win more hands at the expense of casual, net depositing players. This feature has proven to be particularly popular on the bwin label where there is a higher proportion of casual players. On mobile, our 'sit and go' tournament functionality for iOS and Android clients on partypoker.com is proving popular, improving both retention and yield for mobile poker players and the early response to our new HTML5 FastForward product which has been in beta for several weeks has also been positive. World Poker Tour has continued to build its international presence with the addition of major sponsorship deals that include Monster® and Hublot as well as a vibrant live tournament schedule including large signature events such as the WPT500 at Aria Resort and Casino in Las Vegas that attracted 3,599 entries.

However, despite these developments, the challenging market backdrop meant that all KPIs fell versus last year and average daily net revenue declined by 31% to €235,900 (2013: €344,200). As a result and as detailed in note 5 to the financial information, in accordance with IAS 36 we have taken a non-cash impairment charge against the value of our poker intangible assets totalling €88.4m in the period.

Objectives for 2014/15:
Our technology platforms in France will be integrated before the end of September when we will be able to pool the player liquidity from partypoker and bwin as well as PMU, our local B2B partner. Once complete, we will be able to begin to decommission the redundant technology that is no longer required, and expect to deliver additional cost savings in 2015. In Italy, the integration of our technology platforms is more complex and we plan to integrate the liquidity pools of bwin, Gioco Digitale as well as partypoker onto a single platform during the first quarter of 2015.

The recent launch of sit 'n' go tournaments on mobile for both partypoker and bwin are proving popular and will be released across all key markets together with multi-table tournament functionality for iOS and Android, as well as multi-tabling capability, including tablet optimisation. Further mobile enhancements will include the roll-out of our HTML5 version of FastForward and new iOS and Android applications in France, Italy as well as the UK to meet new regulatory requirements there.

As well as continuing to leverage WPT to help us acquire as well as retain players, we are also developing a larger tournament series across all of our labels including PokerFest, France Poker Championships and the Garden State Super Series in New Jersey.

Bingo

Six months ended 30 June	**2014 €million**	2013 €million	*Change*
Gross revenue	**57.1**	53.6	*7%*
Bonuses and other fair value adjustments to revenue	**(30.7)**	(26.4)	*(16%)*
Net revenue	**26.4**	27.2	*(3%)*
Other revenue	**0.3**	0.4	*(25%)*
Total revenue	**26.7**	27.6	*(3%)*
% of total revenue from nationally regulated and/or taxed markets*	***97%***	*98%*	*(0%)*
Cost of sales	**(1.6)**	(2.0)	*20%*
Gross profit	**25.1**	25.6	*(2%)*
Clean EBITDA	**5.3**	2.8	*89%*
Clean EBITDA margin	***19.9%***	*10.1%*	*97%*

** Italy, Spain and UK*

Bingo - Key Performance Indicators

Six months ended 30 June	**2014**	2013	*Change*
Active player days (million)	**2.9**	3.4	*(15%)*
Daily average players (000s)	**16.0**	18.8	*(15%)*
Yield per active player day (€)	**9.1**	8.0	*14%*
New player sign-ups (000s)	**63.3**	70.1	*(10%)*
Average daily net revenue (€000)	**145.9**	150.3	*(3%)*

Despite fiercely competitive conditions in our main markets, we increased gross revenue by 7%, driven by a 10% increase in the UK where both our FoxyBingo and Cheeky Bingo brands remain strong. Gross revenues in Italy however continued to fall, as did the Italian market as a whole and our Gioco Digitale brand remains the market leader with an estimated 24% share. However, the competitive conditions meant that bonus costs increased to 53.8% of revenue (2013: 49.3%) and as a result total revenue fell by 3%.

Since launching our new mobile app for FoxyBingo in January we have enjoyed a marked increase in player activity through this channel with 81% of all new player registrations on Foxy Bingo and 31% of gross gaming revenue coming through mobile/touch in June 2014 – that compares with 33% and 8% respectively a year earlier. Across all labels mobile represented 24% of bingo gross gaming revenue in the second quarter of 2014 versus just 4% a year earlier.

Objectives for 2014/15:

We are continuing to drive our mobile and touch volumes with the launch of a further updated and improved version of our mobile product that took place earlier this month. We are also looking at ways in which we can leverage our overall player liquidity across brands in the UK market.

Other revenue

Other revenue fell 11% to €21.3m (2013: €23.9m), almost entirely due to the absence of profit on domain sales that delivered €5.5m in the prior year. Other revenue includes revenue from B2B, World Poker Tour, Kalixa, Win, InterTrader and domain sales.

Cost of sales

Gaming taxes payable in nationally regulated markets continue to account for the majority of cost of sales that also includes television production costs at WPT. Total cost of sales increased by 7% to €47.2m (2013: €44.1m), of which gaming taxes totalled €42.4m (2012: €40.5m). As more markets regulate, cost of sales as a proportion of total revenue can be expected to increase.

Six months ended 30 June	**2014 €million**	2013 €million	*Change*
Gaming taxes	**42.4**	40.5	*(5%)*
Broadcasting costs	**2.5**	2.0	*(25%)*
Other	**2.3**	1.0	*(130%)*
Clean EBITDA cost of sales	**47.2**	43.5	*(9%)*
Retroactive taxes and associated charges	**-**	0.6	*100%*
Total cost of sales	**47.2**	44.1	*(7%)*

Other operating expenses

This decreased from €5.0m to €1.6m primarily due to a lower impact from foreign exchange movements.

Distribution expenses

				As a percentage of total revenue	
Six months ended 30 June	**2014 €million**	2013 €million	*Change*	**2014 %**	2013 %
Customer acquisition and retention	**70.1**	62.4	*(12%)*	*22.1%*	*18.2%*
Affiliates	**14.6**	18.7	*22%*	*4.6%*	*5.5%*
Customer bad debts	**2.3**	4.1	*44%*	*0.7%*	*1.2%*
Third-party content	**14.1**	14.8	*5%*	*4.4%*	*4.3%*
Webhosting and technical services	**14.8**	13.3	*(11%)*	*4.7%*	*3.9%*
Clean EBITDA distribution expenses	**115.9**	113.3	*(2%)*	*36.5%*	*33.1%*
Reorganisation expenses	**1.0**	1.4	*29%*	*0.3%*	*0.4%*
Distribution expenses	**116.9**	114.7	*(2%)*	*36.8%*	*33.5%*

Customer acquisition and retention spend increased by 12% due to marketing around the FIFA World Cup and additional marketing costs in New Jersey. The New Jersey launch was also the primary driver behind the increase in webhosting and technical services costs. Customer bad debts returned to 0.7% of revenue from 1.2% of revenue in the previous year due to an increasing proportion of business from regulated and taxed markets, and risk optimisation. Third-party content costs fell to €14.1m due to lower revenues but increased slightly to 4.4% of revenue (2013: 4.3%) due to the addition of more third-party content in our casino.

Administrative expenses

Six months ended 30 June	**2014 €million**	2013 €million	*Change*	**2014 %** (As a percentage of total revenue)	2013 % (As a percentage of total revenue)
Transaction fees	**13.7**	15.8	*13%*	*4.3%*	*4.6%*
Staff costs	**55.7**	69.8	*20%*	*17.6%*	*20.4%*
Outsourced services	**12.0**	11.9	*(1%)*	*3.8%*	*3.5%*
Other overheads	**26.4**	26.7	*1%*	*8.3%*	*7.8%*
Clean EBITDA administrative expenses	**107.8**	124.2	*13%*	*34.0%*	*36.3%*
Depreciation	**11.4**	12.2	*7%*	*3.6%*	*3.6%*
Amortisation	**30.0**	35.7	*16%*	*9.5%*	*10.4%*
Impairment losses	**94.7**	-	*n/a*	*29.9%*	*n/a*
Reorganisation expenses	**2.5**	1.6	*(56%)*	*0.8%*	*0.5%*
Administrative expenses before share based payments	**246.4**	173.7	*(42%)*	*77.8%*	*50.7%*
Share-based payments	**5.6**	9.9	*43%*	*1.8%*	*2.9%*
Administrative expenses	**252.0**	183.6	*(37%)*	*79.6%*	*50.7%*

We have continued to reduce Clean EBITDA administration costs that fell both in absolute terms as well as relative to revenue, falling to 34.0% of total revenue (2013: 36.3%) with €16.4m of savings achieved year-on-year. Transaction fees fell both in absolute terms due to reduced volumes and in relative terms due to further savings as we optimised our payment options further. Staff costs fell by €14.1m or 20% on the back of our cost reduction initiatives. Staff costs also fell in relative terms reaching 17.6% of total revenue versus 20.4% in 2013. Outsourced services were broadly unchanged at €12.0m (2013: €11.9m) while other overheads were also broadly flat. The net result was that Clean EBITDA administrative expenses were reduced by €16.4m to €107.8m (2013: €124.2m).

Depreciation fell by €0.8m in the period while the amortisation charge, that is almost entirely related to acquired intangibles, continued to fall to 9.5% of total revenue (2013: 10.4%) as these assets are progressively written down. As noted above and in note 5 to the financial information, following a review undertaken on the carrying value of these intangibles, predominantly with respect to poker, an impairment charge of €94.7m has been taken in the period. Reorganisation expenses of €2.5m (2012: €1.6m) reflected our effort to deliver further cost savings.

Taxation

The current tax charge for the period is €5.6m (2013: €5.7m). After allowing for deferred tax credits of €3.8m relating to the unwinding of provisions set up on acquisitions and of €8.3m relating to the impairment of intangible assets, the total tax credit for the period is €6.5m (2013: tax charge of €2.5m). There is no tax associated with other comprehensive income.

Net cash

	As at 30 June 2014 €million	As at 31 December 2013 €million
Cash and cash equivalents	**165.9**	173.3
Short-term investments	**10.8**	12.7
Loans and borrowings	**(48.4)**	(46.1)
Net cash	**128.3**	139.9
Payment service providers (less chargebacks)	**42.4**	48.7
Net cash including amounts held by processors	**170.7**	188.6
Less: Client liabilities and progressive prize pools	**(119.8)**	(124.8)
Net cash including amounts held by processors less client liabilities	**50.9**	63.8

Net cash (after deducting all customer liabilities but adding back net payment processor receivables) declined to €50.9m (31 December 2013: €63.8m) primarily due to the acquisition of PXP during the period.

Cashflow

Cashflow from operating activities increased from €11.0m to €47.1m primarily due to favourable working capital movements versus the prior year, which was impacted by a reduction in client liabilities associated with the 'volume to value' strategy and the settlement of litigation in Kentucky.

The overall cash movement in the period was an outflow of €9.6m (2013: outflow of €7.9m) which was primarily due to the €22.7m upfront consideration paid out in respect of the acquisition of PXP together with dividend payments of €18.0m (2013: €16.7m) and capital expenditure (including intangibles) of €21.1m (2013: €17.6m).

Six months ended 30 June	**2014** €million	2013 €million
Clean EBITDA	**46.4**	60.7
Exchange differences	**(0.9)**	(4.0)
Movement in trade and other receivables	**16.7**	3.4
Movement in trade and other payables	**(4.6)**	(23.0)
Movement in provisions	**-**	(16.1)
Income taxes paid	**(6.3)**	(6.2)
Acquisition costs	**(0.7)**	(0.2)
Reorganisation costs	**(3.5)**	(3.0)
Retroactive taxes and associated charges	**-**	(0.6)
Net cash inflow from operating activities	**47.1**	11.0
Issue of ordinary shares	**0.6**	0.8
Purchase of own shares	**(0.2)**	(3.4)
Dividends paid	**(18.0)**	(16.7)
Sale of property, plant and equipment	**1.4**	-
Acquisitions	**(22.7)**	-
Purchase of property, plant and equipment	**(9.9)**	(9.3)
Purchases of intangible assets	**(11.2)**	(8.3)
Repayment of loan from joint venture	**1.5**	2.8
Decrease in short term investments	**1.9**	15.6
Other	**(0.1)**	(0.4)
Net cash outflow	**(9.6)**	(7.9)

Principal risks

There are a number of potential risks and uncertainties which could have a material impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected and historical results. To mitigate against these risks bwin.party conducts a continuous process of Group-wide assessments that examine whether any risk has increased, decreased or become obsolete; identify any new risks, especially from recent key business events; and the likelihood of a risk occurring and what level of impact it would have on the Group.

Many of the threats and challenges faced by online gaming companies are similar to those faced by other leisure and entertainment industries. They include competition, changes to consumer tastes, maintaining healthy financial ratios in compliance with banking covenants and loss of key personnel.

There are also certain risks that are more specific to bwin.party and to the online gaming industry. These risks and how we manage them are set out in the Group's 2013 Annual Report and are repeated below:

1. Technology

Technology is at the core of our business, continuously developing our capabilities to maintain our competitive edge and keep on top of the ongoing changes in tastes and demands by consumers who expect to access fun and entertainment whenever and wherever they want.

Our reputation for data protection and for responsible, safe and secure products and services is upheld to a high degree by our technology capabilities.

As with all technology, making sure that our services are available 24/7 and remain stable at all times is a key driver of long-term success. System failures and/or errors in newly released software can destabilise services and result in them not being available for customers, or failing to provide a quality user experience. One of the main reasons why we have adopted the Agile working methodology is to increase both the quality and the number of software releases we make each year, helping us to continue to improve platform stability and enhance our product offer so that we can deliver the best possible online experience for our customers. Most of our gaming technology is proprietary, we believe that this means we are better placed to manage risks associated with technological and regulatory change than those competitors that rely heavily on third-party software and systems. We will soon migrate customers in France to our new platform and plan to do the same in Italy in Q1 2015 and this will help to reduce our risk in this general area. However, we do share the industry's general risks that arise from sourcing broadband and communications, data management and storage services as well as a raft of other services from external suppliers. Our aim is to offset these risks by not becoming overly reliant on any single supplier as well as having in place disaster recovery centres and business continuity plans.

2. Regulation and compliance

Regulation is another complex area. Managing this key risk is critical for us, particularly because of the increasing number of countries and now states in the US that are introducing regulatory regimes, each of which have different compliance requirements.

Our compliance obligations range from administration of our gaming licences in Gibraltar, Alderney, Denmark, France, Italy, Spain, Belgium and Schleswig-Holstein in Germany to assessing what impact country-specific and pan-regional rules and regulations might have on our business and the wider industry. While political and cultural attitudes towards online gaming are continuing to evolve as evidenced by the opening of online gaming markets in three US states in 2013 - Nevada, Delaware and New Jersey - there is always a risk that certain territories may seek to prohibit or restrict one or more of the products that we offer or online gaming entirely.

We have a dedicated regulatory and compliance team that reports directly to the CEO and is closely supported by our legal and regional management teams. We submit ourselves to a series of external audits as required under our gaming licences and also perform our own compliance assessments to ensure that policies and procedures are being followed and working effectively

3. Taxation

Taxation is the third category of risk which we believe is material. Group companies operate only where they are incorporated, domiciled or registered. Revenues earned from customers located in a particular jurisdiction may give rise to further taxes in that jurisdiction. If such taxes are levied, either on the basis of existing law or the current practice of any tax authority, or by reason of a change in law or practice, then this may have a material adverse effect on the amount of tax payable by the Group. We manage these risks by considering tax as part of our overall business planning.

The law and practice of European Union Member States with regard to indirect taxes on online gambling may change as result of changes to the rules on place of supply of business to consumer electronically supplied services, depending on where customers are located and how European Union Member States implement any VAT exemption.

4. Poker

The international online poker market has struggled in recent years as several countries have regulated and ring-fenced their online gaming markets, reducing player liquidity for customers both within and outside such regulatory regimes. This has reduced the overall appeal of poker in several markets where the Group has historically had a strong presence. At the same time, PokerStars (now part of Amaya Corp following its acquisition this year) remains a dominant competitor in most markets and is now proposing to enter the online casino and sports betting markets as well. Whether PokerStars will be successful in these other business areas remains to be seen.

With a strong cross-sell from poker to casino and other games, market declines and competitive pressures have also impacted revenues in other areas of the Group's business. To counter this trend, the Group launched an all new version of its poker product in September 2013 with many new features such as missions and achievements that are aimed at broadening its appeal to a larger customer base. In addition, the opening of the online poker market in New Jersey provides a further source of growth as the US remains one of the largest poker markets in the world.

5. Country and currency risk

Whilst the continuing uncertainty in the global economic outlook inevitably increases the trading and balance sheet risks to which the Group is exposed, the diversified nature of the Group's business means that such risks are not disproportionately different from any other commercial enterprise of a similar scale and international reach. Conditions in the Eurozone remain challenging and reference has already been made in previous statements to the challenging economic backdrop in several European countries, reducing the spending power of customers particularly in Southern European countries, which the Group has attempted to reflect in its financial forecasts. The weaker European economies are also increasing the risk of currency volatility and the potential for significant currency devaluation and business disruption if one or more of these countries exits the euro currency. Accordingly, the Group's treasury processes and policies have been revised with the aim of minimising the Group's exposure to the Eurozone economic risk and to preserve our ability to operate if such events arise.

The functional reporting currency of the Group, the Company and a majority of the Company's subsidiaries is the euro. bwin.party's treasury policy dictates that all material transaction and currency liability exposures are fully hedged with financial derivatives or cash. Consequently, those bwin.party companies that have adopted the euro as their functional currency ensure their financial assets and liabilities in non-euro currencies are equal and that any residual balance is held in euros. With the so-called 'GIPSI' countries (Greece, Ireland, Portugal, Spain and Italy), if one or more of these countries exits the euro then the Group may be exposed to a currency devaluation of its financial assets to the extent that the financial assets located in the exiting jurisdiction exceed its financial liabilities. Accordingly, the treasury policy requires that wherever practical and subject to regulatory requirements, the financial assets located in each GIPSI country are limited so they do not exceed the financial liabilities associated with that jurisdiction.

By order of the Board of Directors

Martin Weigold
Chief Financial Officer
bwin.party digital entertainment plc

29 August 2014

Statement of Directors' responsibilities

This interim management report is the responsibility of, and has been approved by, the Directors of bwin.party digital entertainment plc. Accordingly, 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 as issued by the IASB and endorsed and adopted by the European Union;

- the interim management report includes a fair review of the information required by:

  (a) DTR 4.2.7R of the Disclosure and Transparency Rules, 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; and

  (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the Annual Report for the year ended 31 December 2013.

The Directors of bwin.party digital entertainment plc are listed on the bwin.party website: www.bwinparty.com.

By order of the Board of Directors

Martin Weigold
Chief Financial Officer
bwin.party digital entertainment plc

29 August 2014

Financial information (unaudited)

Condensed consolidated statement of comprehensive income

Six months ended 30 June	Notes	2014 €million	2013 €million
Continuing operations			
Net revenue		**295.8**	318.6
Other revenue		**21.3**	23.9
Total revenue	2	**317.1**	342.5
Cost of sales		**(47.2)**	(44.1)
Gross profit		**269.9**	298.4
Other operating income		**0.2**	-
Other operating expense		**(1.6)**	(5.0)
Administrative expenses		**(252.0)**	(183.6)
Distribution expenses		**(116.9)**	(114.7)
Clean EBITDA		**46.4**	60.7
Exchange losses		**(0.9)**	(4.0)
Completed merger and acquisition costs		**(0.7)**	(0.2)
Amortisation		**(30.0)**	(35.7)
Depreciation		**(11.4)**	(12.2)
Retroactive taxes and associated charges		**-**	(0.6)
Impairment losses		**(94.7)**	-
Share-based payments		**(5.6)**	(9.9)
Reorganisation costs		**(3.5)**	(3.0)
Loss from operating activities		**(100.4)**	(4.9)
Finance income		**0.5**	0.6
Finance expense		**(1.4)**	(5.5)
Share of profit of associates and joint ventures		**0.8**	0.7
Loss before tax		**(100.5)**	(9.1)
Tax credit (charge)	3	**6.5**	(2.5)
Loss after tax and for the period		**(94.0)**	(11.6)
Other comprehensive income (expense):			
Exchange differences on translation of foreign operations, net of tax		**5.2**	(4.9)
Change in fair value of available-for-sale investments		**2.9**	1.6
Total comprehensive expense for the period		**(85.9)**	(14.9)
Loss for the period attributable to:			
Equity holders of the parent		**(92.8)**	(10.6)
Non-controlling interests		**(1.2)**	(1.0)
		(94.0)	(11.6)
Total comprehensive expense for the period attributable to:			
Equity holders of the parent		**(84.7)**	(13.9)
Non-controlling interests		**(1.2)**	(1.0)
		(85.9)	(14.9)
Loss per share (€ cents)			
Basic	4	**(11.4)**	(1.3)
Diluted	4	**(11.4)**	(1.3)

Condensed consolidated statement of financial position

	Notes	As at 30 June 2014 €million	As at 31 December 2013 €million
Non-current assets			
Intangible assets	5	**556.7**	626.1
Property, plant and equipment		**34.7**	36.8
Investments		**18.5**	16.1
Other receivables	6	**5.8**	10.9
		615.7	689.9
Current assets			
Assets held for sale	9	**10.5**	-
Trade and other receivables	6	**118.6**	126.9
Short-term investments		**10.8**	12.7
Cash and cash equivalents		**165.9**	173.3
		305.8	312.9
Total assets		**921.5**	1,002.8
Current liabilities			
Trade and other payables	7	**(91.9)**	(60.6)
Income and gaming taxes payable		**(41.9)**	(43.2)
Client liabilities and progressive prize pools		**(119.8)**	(124.8)
Loans and borrowings	8	**-**	(23.0)
Liabilities held for sale	9	**(6.6)**	-
		(260.2)	(251.6)
Non-current liabilities			
Trade and other payables	7	**(4.8)**	(13.6)
Loans and borrowings	8	**(48.4)**	(23.1)
Deferred tax		**(28.4)**	(36.9)
		(81.6)	(73.6)
Total liabilities		**(341.8)**	(325.2)
Total net assets		**579.7**	677.6
Equity			
Share capital		**0.1**	0.1
Share premium account		**2.8**	2.2
Own shares		**(2.3)**	(5.2)
Capital contribution reserve		**24.1**	24.1
Capital redemption reserve		**0.0**	0.0
Available-for-sale reserve		**5.5**	2.6
Retained earnings		**1,132.2**	1,240.5
Other reserve		**(573.7)**	(573.7)
Currency reserve		**(3.0)**	(8.2)
Equity attributable to equity holders of the parent		**585.7**	682.4
Non-controlling interests		**(6.0)**	(4.8)
Total Equity		**579.7**	677.6

Condensed consolidated statement of changes in equity

	As at 1 January 2013 (as previously stated) €million	Effect of prior year adjustment €million	As at 1 January 2013 (As restated) €million	Share of additional investment	Other Issues of shares €million	Dividends paid €million	Purchase of shares €million	Total comprehensive income for the period €million	Other share-based payments €million	As at 30 June 2013 €million
Share capital	0.1	-	0.1	-	-	-	-	-	-	0.1
Share premium account	0.6	-	0.6	-	0.8	-	-	-	-	1.4
Own shares	(9.9)	-	(9.9)	-	4.4	-	(1.4)	-	-	(6.9)
Capital contribution reserve	24.1	-	24.1	-	-	-	-	-	-	24.1
Capital redemption reserve	0.0	-	0.0	-	-	-	-	-	-	0.0
Available-for-sale reserve	1.3	-	1.3	-	-	-	-	1.6	-	2.9
Retained earnings	1,234.4	(10.3)	1,224.1	-	(4.4)	(16.7)	(2.0)	(10.6)	9.9	1,200.3
Other reserve	(573.7)	-	(573.7)	-	-	-	-	-	-	(573.7)
Currency reserve	(5.2)	-	(5.2)	-	-	-	-	(4.9)	-	(10.1)
Total attributable to equity holders of the parent	671.7	(10.3)	661.4	-	0.8	(16.7)	(3.4)	(13.9)	9.9	638.1
Non-controlling interests	(2.8)	-	(2.8)	-	-	-	-	(1.0)	-	(3.8)
Total equity	668.9	(10.3)	658.6	-	0.8	(16.7)	(3.4)	(14.9)	9.9	634.3

	As at 1 July 2013	Effect of prior year adjustment €million	As at 1 July 2013 €million	Share of additional investment	Other Issues of shares €million	Dividends paid €million	Purchase of shares €million	Total comprehensive income for the period €million	Other share-based payments €million	As at 31 December 2013 €million
Share capital	0.1	-	0.1	-	-	-	-	-	-	0.1
Share premium account	1.4	-	1.4	-	0.8	-	-	-	-	2.2
Own shares	(6.9)	-	(6.9)	-	1.9	-	(0.2)	-	-	(5.2)
Capital contribution reserve	24.1	-	24.1	-	-	-	-	-	-	24.1
Capital redemption reserve	0.0	-	0.0	-	-	-	-	-	-	0.0
Available-for-sale reserve	2.9	-	2.9	-	-	-	-	(0.3)	-	2.6
Retained earnings	1,200.3	-	1,200.3	-	(1.9)	(16.9)	(2.2)	54.5	6.7	1,240.5
Other reserve	(573.7)	-	(573.7)	-	-	-	-	-	-	(573.7)
Currency reserve	(10.1)	-	(10.1)	-	-	-	-	1.9	-	(8.2)
Total attributable to equity holders of the parent	638.1	-	638.1	-	0.8	(16.9)	(2.4)	56.1	6.7	682.4
Non-controlling interests	(3.8)	-	(3.8)	0.8	-	-	-	(1.8)	-	(4.8)
Total equity	634.3	-	634.3	0.8	0.8	(16.9)	(2.4)	54.3	6.7	677.6

	As at 1 January 2014 €million	Effect of prior year adjustment €million	As at 1 January 2014 €million	Share of additional investment	Other Issues of shares €million	Dividends paid €million	Purchase of shares €million	Total comprehensive income for the period €million	Other share-based payments €million	As at 30 June 2014 €million
Share capital	**0.1**	**-**	**0.1**	**-**	**-**	**-**	**-**	**-**	**-**	**0.1**
Share premium account	**2.2**	**-**	**2.2**	**-**	**0.6**	**-**	**-**	**-**	**-**	**2.8**
Own shares	**(5.2)**	**-**	**(5.2)**	**-**	**3.0**	**-**	**(0.1)**	**-**	**-**	**(2.3)**
Capital contribution reserve	**24.1**	**-**	**24.1**	**-**	**-**	**-**	**-**	**-**	**-**	**24.1**
Capital redemption reserve	**0.0**	**-**	**0.0**	**-**	**-**	**-**	**-**	**-**	**-**	**0.0**
Available-for-sale reserve	**2.6**	**-**	**2.6**	**-**	**-**	**-**	**-**	**2.9**	**-**	**5.5**
Retained earnings	**1,240.5**	**-**	**1,240.5**	**-**	**(2.4)**	**(18.0)**	**(0.7)**	**(92.8)**	**5.6**	**1,132.2**
Other reserve	**(573.7)**	**-**	**(573.7)**	**-**	**-**	**-**	**-**	**-**	**-**	**(573.7)**
Currency reserve	**(8.2)**	**-**	**(8.2)**	**-**	**-**	**-**	**-**	**5.2**	**-**	**(3.0)**
Total attributable to equity holders of the parent	**682.4**	**-**	**682.4**	**-**	**1.2**	**(18.0)**	**(0.8)**	**(84.7)**	**5.6**	**585.7**
Non-controlling interests	**(4.8)**	**-**	**(4.8)**	**-**	**-**	**-**	**-**	**(1.2)**	**-**	**(6.0)**
Total equity	**677.6**	**-**	**677.6**	**-**	**1.2**	**(18.0)**	**(0.8)**	**(85.9)**	**5.6**	**579.7**

Share premium is the amount subscribed for share capital in excess of nominal value.

Capital contribution reserve is the amount arising from share-based payments made by parties associated with the original Principal Shareholders and cash held by the Employee Trust.

Capital redemption reserve is the amount transferred from share capital on redemption of issued shares.

Available-for-sale reserve are the gains (losses) arising on financial assets classified as available for sale.

Retained earnings represent cumulative profit / (loss) for the period, share-based payments and any other items of other comprehensive income not disclosed as separate reserves in the table above.

The other reserve of €573.7 million is the amount arising from the application of accounting which is similar to the pooling of interests method, as set out in the Group's accounting policies.

Currency reserve represents the gains/losses arising on retranslating the net assets of overseas operations into Euros.

Non-controlling interests relate to the interests of other shareholders in certain subsidiaries.

During the 2013 financial year it was identified that certain liabilities were not included within the valuation of intangibles undertaken at the time of the Merger whilst other liabilities were understated. The results for 2011 and 2012 have therefore subsequently been restated to include an increase in goodwill of €10.3 million and an increase in liabilities of €10.3 million. In line with the Group's review of the carrying value of its intangibles in 2011, the amount was subsequently impaired in full.

Condensed consolidated statement of cashflows

Six months ended 30 June	2014 €million	2013 €million
Loss for the period	**(94.0)**	(11.6)
Adjustments for:		
Depreciation of property, plant and equipment	**11.4**	12.2
Amortisation of intangibles	**30.0**	35.7
Impairment of goodwill	**19.7**	-
Impairment of intangible assets	**75.0**	-
Share of profit of associates	**(0.8)**	(0.7)
Interest expense	**1.4**	5.5
Interest income	**(0.5)**	(0.6)
Share-based payments	**5.6**	9.9
Income tax (credit) charge	**(6.5)**	2.5
Operating cashflows before movements in working capital and provisions	**41.3**	52.9
Decrease in trade and other receivables	**16.7**	3.4
Decrease in trade and other payables	**(4.6)**	(23.0)
Decrease in provisions	**-**	(16.1)[2]
Cash generated from operations	**53.4**	17.2
Income taxes paid	**(6.3)**	(6.2)
Net cash inflow from operating activities	**47.1**	11.0
Investing activities		
Acquisition of subsidiaries and businesses (net of cash acquired)	**(22.7)**	-
Purchases of intangible assets	**(11.2)**	(8.3)
Purchases of property, plant and equipment	**(9.9)**	(9.3)
Sale of property, plant and equipment	**1.4**	-
Interest received	**0.5**	0.6
Repayment of loan from joint venture	**1.5**	2.8
Decrease in short-term investments	**1.9**	15.6
Net cash (used) generated by investing activities	**(38.5)**	1.4
Financing activities		
Issue of ordinary shares	**0.6**	0.8
Purchase of own shares	**(0.2)**	(3.4)
Dividends paid	**(18.0)**	(16.7)
Repayment of bank borrowings	**(18.6)**	-
New bank borrowings	**18.4**	-
Interest paid	**(0.4)**	(1.0)
Net cash used by financing activities	**(18.2)**	(20.3)
Net decrease in cash and cash equivalents	**(9.6)**	(7.9)
Exchange differences	**2.2**	0.7
Cash and cash equivalents at beginning of period	**173.3**	169.7
Cash and cash equivalents at end of period	**165.9**	162.5

Segregated cash

Included within cash and cash equivalents is €24.8m (2013: €28.6m) related to cash held in segregated accounts in certain regulated markets.

[2] *Includes settlement of Kentucky litigation of €11.5m*

Notes to the condensed consolidated financial information

1. Basis of preparation

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2014 have been prepared in accordance with International Accounting Standard ('IAS') 34 - *Interim Financial Reporting*, and have been prepared on the basis of International Financial Reporting Standards ('IFRSs') and International Financial Reporting Interpretations Committee ('IFRIC') interpretations as adopted by the European Union that are effective for the year ending 31 December 2014.

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2014, which were approved by the Board on 29 August 2014, do not comprise statutory accounts, and should be read in conjunction with the Annual Report for the year ended 31 December 2013. Those accounts have been reported upon by the Group's auditors and delivered to Companies House in Gibraltar. The report of the auditors on those accounts was unqualified. The Annual Report is published in the Investors section of the Group website at www.bwinparty.com and is available from the Company on request.

The unaudited interim condensed consolidated financial statements are prepared on the basis of the accounting policies stated in the Group's Annual Report 2013 which is available on the Group's website at www.bwinparty.com. In the current reporting period, the Group has adopted a number of revised Standards and Interpretations including IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*. However, none of these have had a material impact on the Group's reporting. In addition, the IASB has issued a number of IFRS and IFRIC amendments or interpretations since the last annual report was published. It is not expected that any of these will have a material impact on the Group.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the interim condensed consolidated financial statements.

2. Segment information

The Group's operations are segmented into the following reporting segments:

- sports betting,
- casino & games,
- poker,
- bingo and
- other

The segment 'other' includes a number of businesses that in aggregate are not large enough to account for more than 10% of the Group's revenues, profits or assets. Included within this segment are: World Poker Tour; the third-party payment processing business, Kalixa; the financial spreadbetting business, InterTrader; software services, social gaming, profit on domain sales and the Winners retail business.

Six months ended 30 June 2014	Sports betting €million	Casino & Games €million	Poker €million	Bingo €million	Other €million	Consolidated €million
Net revenue	**125.5**	**101.2**	**42.7**	**26.4**	**-**	**295.8**
Other revenue	**1.9**	**2.1**	**1.4**	**0.3**	**15.6**	**21.3**
Total revenue	**127.4**	**103.3**	**44.1**	**26.7**	**15.6**	**317.1**
Clean EBITDA	**21.7**	**23.6**	**(1.4)**	**5.3**	**(2.8)**	**46.4**
Profit (loss) before tax	**2.8**	**11.4**	**(99.1)**	**(1.3)**	**(14.3)**	**(100.5)**

Six months ended 30 June 2013	Sports betting €million	Casino & Games €million	Poker €million	Bingo €million	Other €million	Consolidated €million
Net revenue	118.3	110.8	62.3	27.2	-	318.6
Other revenue	0.7	1.4	1.6	0.4	19.8	23.9
Total revenue	119.0	112.2	63.9	27.6	19.8	342.5
Clean EBITDA	25.8	24.5	7.2	2.8	0.4	60.7
Profit (loss) before tax	(0.4)	9.1	(6.4)	(4.7)	(6.7)	(9.1)

Geographical analysis of total revenue

The following table provides an analysis of the Group's total revenue by geographical segment:

Six months ended 30 June	2014 €million	2013 €million
Germany	**79.**	76.4
United Kingdom	**35.**	35.0
Other	**201.**	231.1
Total revenue	**317.**	342.5

3. Tax

Analysis of tax charge

Six months ended 30 June	2014 €million	2013 €million
Current tax expense for the period	**5.6**	5.7
Deferred tax credit for the period	**(12.1)**	(3.2)
Income tax (credit) charge for the period	**(6.5)**	2.5

The current tax charge for the period is €5.6m (2013: €5.7m). After allowing for deferred tax credits primarily relating to the unwinding of provisions set up on acquisitions and the effect of the impairment of intangible assets of €3.8m and €8.3m respectively, the total tax credit for the period is €6.5m (2013: tax charge of €2.5m). There is no tax associated with other comprehensive income.

3. Tax (continued)

The total (credit) expense for the period can be reconciled to accounting (loss) as follows:

Six months ended 30 June	2014 €million	2013 €million
Loss before tax	**(100.5)**	(9.1)
Tax at effective rate in Gibraltar at 10% (2013: 10%)	**(10.1)**	(0.9)
Effect of expenses not allowed for tax purposes	**2.9**	3.5
Effect of deferred tax on acquired intangibles and impairments	**(12.1)**	(3.2)
Effect of different tax rates applied in overseas jurisdictions	**3.3**	3.1
Effect of impairment not allowed for tax purposes	**9.5**	-
Total income tax (credit) charge for the period	**(6.5)**	2.5

The expenses not allowed for tax purposes are primarily amortisation of intangible assets.

Factors affecting the tax charge for the period

The Group's policy is to manage, control and operate Group companies only in the countries in which they are registered. At the period end there were Group companies registered in 23 countries including Gibraltar. However, the rules and practice governing the taxation of eCommerce activity are evolving in many countries. It is possible that the amount of tax that will eventually become payable may differ from the amount provided in the financial information.

Factors that may affect future tax charges

As the Group is involved in worldwide operations, future tax charges will be affected by the level and mix of profitability in different jurisdictions.

Future tax charges will be reduced by a deferred tax credit in respect of amortisation and/or impairment of certain acquired intangibles.

4. Earnings per Share ('EPS')

Six months ended 30 June	2014 € cents	2013 € cents
Basic EPS	**(11.4)**	(1.3)
Diluted EPS	**(11.4)***	(1.3)*
Basic Clean EPS	**3.0**	4.3
Diluted Clean EPS	**3.0**	4.2

** A diluted EPS calculation may not increase a basic EPS calculation when the basic EPS is a loss.*

Basic earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period, excluding those held as own shares.

Diluted earnings per share

Diluted earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period, excluding those held as own shares, and adjusted for the number of potentially dilutive share options and contingently issuable instruments.

Six months ended 30 June	2014	2013
Basic EPS		
Basic loss (€million)	**(92.8)**	(10.6)
Weighted average number of ordinary shares (million)	**810.5**	807.1
Basic loss per ordinary share (€ cents)	**(11.4)**	(1.3)
Basic Clean EPS		
Clean earnings (€million)	**24.6**	34.8
Weighted average number of ordinary shares (million)	**810.5**	807.1
Adjusted earnings per ordinary share (€ cents)	**3.0**	4.3

4. Earnings per Share ('EPS') (continued)

Clean earnings per share

The performance measure of EPS used internally by management to manage the operations of the business and remove the impact of one-off and certain non-cash items is Clean EPS, which is calculated before exchange differences, reorganisation expenses, income or expenses that relate to exceptional items and non-cash charges relating to share-based payments. Management believes that this better reflects the underlying performance of the business and assists in providing a clearer view of the fundamental performance of the Group.

Clean net earnings excluding amortisation and impairments on acquisitions attributable to equity shareholders is derived as follows:

Six months ended 30 June	2014 €million	2013 €million
Loss for the purposes of basic and diluted earnings per share being profit attributable to equity holders of the parent	**(92.8)**	(10.6)
Reorganisation expenses	**3.5**	3.0
Completed merger and acquisition expenses	**0.7**	0.2
Retroactive taxes and associated charges	**-**	0.6
Exchange differences	**0.9**	4.0
Share-based payments	**5.6**	9.9
Amortisation on acquired intangible assets	**24.1**	30.9
- Effect of deferred tax release thereon	**(3.8)**	(3.2)
Impairments on acquired intangible assets and goodwill	**94.7**	-
- Effect of deferred tax release thereon	**(8.3)**	-
Clean earnings	**24.6**	34.8

Six months ended 30 June	2014 Number million	2013 Number million
Weighted average number of shares		
Number of shares in issue as at 1 January	**813.9**	812.1
Number of shares in issue as at 1 January held by the Employee Trust	**(3.1)**	(6.0)
Weighted average number of shares issued during the period	**0.2**	1.5
Weighted average number of shares purchased during the period	**(0.5)**	(0.5)
Weighted average number of ordinary shares for the purposes of basic earnings per share	**810.5**	807.1
Effect of potential dilutive share options and contingently issuable shares	**16.1**	23.8
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**826.6**	830.9

In accordance with IAS 33, the weighted average number of shares for diluted earnings per share takes into account all potentially dilutive equity instruments granted which are not included in the number of shares for basic earnings per share above. Although the unvested, potentially dilutive equity instruments are contingently issuable, in accordance with IAS 33, the period end is treated as the end of the performance period. Those option holders who were employees at that date are deemed to have satisfied the performance requirements and their related potentially dilutive equity instruments have been included for the purpose of diluted EPS.

5. Intangible assets

	Goodwill (As restated) €million	Acquired intangibles €million	Other intangibles €million	Total (As restated) €million
Cost or valuation				
As at 1 January 2013	728.5	756.2	30.9	1,515.6
Adjustment on consideration of prior business combinations	(0.7)	(0.7)	-	(1.4)
Additions	-	-	8.3	8.3
Exchange movements	(3.9)	(2.5)	(0.1)	(6.5)
As at 30 June 2013	723.9	753.0	39.1	1,516.0
Reclassification of assets	-	(0.2)	0.2	-
Additions	-	-	15.2	15.2
Exchange movements	1.8	0.8	(0.3)	2.3
As at 31 December 2013	725.7	753.6	54.2	1,533.5
Acquired through business combinations	22.5	18.1	-	40.6
Additions	-	-	11.2	11.2
Exchange movements	3.0	(0.3)	(0.1)	2.6
As at 30 June 2014	**751.2**	**771.4**	**65.3**	**1,587.9**
Amortisation				
As at 1 January 2013	460.7	360.7	14.6	836.0
Charge for the period	-	30.9	4.8	35.7
Exchange movements	-	(1.8)	(0.2)	(2.0)
As at 30 June 2013	460.7	389.8	19.2	869.7
Charge for the period	-	28.5	4.7	33.2
Impairment	-	2.3	-	2.3
Reclassification of assets	-	0.1	(0.1)	-
Exchange movements	-	1.5	0.7	2.2
As at 31 December 2013	460.7	422.2	24.5	907.4
Charge for the period	**-**	**24.1**	**5.9**	**30.0**
Impairment	**19.7**	**59.4**	**15.6**	**94.7**
Exchange movements	**-**	**(0.3)**	**(0.6)**	**(0.9)**
As at 30 June 2014	**480.4**	**505.4**	**45.4**	**1,031.2**
Carrying amounts				
As at 30 June 2013	263.2	363.2	19.9	646.3
As at 31 December 2013	265.0	331.4	29.7	626.1
As at 30 June 2014	270.8	266.0	19.9	556.7

Acquired intangible assets are those intangible assets purchased as part of an acquisition and primarily include customer lists, customer relationships, brands, software and broadcast libraries. The fair value of acquired intangibles is based on cashflow projections at the time of acquisition. Customer lists from existing customers take into account the expected impact of player attrition.

Other intangibles primarily include development expenditure, long-term gaming and intellectual property licences and purchased domain names. Development expenditure represents software infrastructure assets that have been developed and generated internally. Licences are amortised over the life of the licences and other intangibles are being amortised over their estimated useful economic lives of between three and five years.

5. Intangible assets (continued)

During 2013, it was identified that in the balances acquired during the Merger, a liability would arise on the buyout of the minority interests of Sajoo S.A.S and then, latterly, BES S.A.S that was not included within the valuation of intangible assets. The results for 2011 and 2012 have therefore subsequently been restated to include a liability of €8.6m within other payables (non-current). The 2011 results have been restated to include an increase in goodwill of €8.6m and a liability of €8.6m. In line with the Group's review of the carrying value of its intangibles, the resulting goodwill was also written down by the same amount in 2011.

As a result of due diligence arising from the sale of the Ongame B2B business during the 2012 financial year, certain liabilities of that business were identified to be understated at the point of the Merger and subsequent sale in 2012. The value of the liabilities in question was €1.7m (representing the adjustment agreed with Amaya in 2013 to the consideration on sale) and the results have been restated to include these within the Group's balance sheet as at the Merger date and also the 2011 and 2012 financial years. As a result, goodwill has also been restated by €1.7m at the date of the Merger and subsequently impaired in full in the 2011 financial year.

In accordance with IAS 36, the Group regularly monitors the carrying value of its intangible assets. A detailed review was undertaken at 30 June 2014 to assess whether the carrying value of assets was supported by the net present value of future cashflows derived from those assets using cashflow projections for a ten-year period.

As a result of the review undertaken an impairment charge of €94.7m has been taken in the period. This charge is allocated to the following cash generating units:

Six months ended 30 June	2014 €million
Poker	**88.4**
Other	**6.3**
Total impairment	**94.7**

Poker

The weaker than expected poker market across both Europe and New Jersey has had an adverse effect on the projected value in use of the poker assets which have consequently been written down to their value in use. An impairment of €19.7m has been charged against goodwill, €59.4m against acquired intangibles and €9.3m against other intangibles.

Other

Following a strategic review by the Board certain internally generated non-core assets within the Other segment have been written down to their value in use resulting in an impairment charge of €6.3m taken against the social gaming business.

6. Trade and other receivables

	As at 30 June 2014 €million	As at 31 December 2013 €million
Payment service providers	**44.2**	50.0
Less: chargeback provision	**(1.8)**	(1.3)
Payment service providers – net	**42.4**	48.7
Prepayments	**32.2**	32.2
Contingent consideration	**5.0**	-
Other receivables	**39.0**	46.0
Current assets	**118.6**	126.9
Contingent consideration	**5.8**	10.9
Non-current assets	**5.8**	10.9

6. Trade and other receivables (continued)

The Directors consider that the carrying amount of trade and other receivables approximates to their fair values, which is based on estimates of amounts recoverable. The recoverable amount is determined by calculating the present value of expected future cashflows.

Provisions relate to chargebacks which are recognised at the Directors' best estimate of the provision based on past experience of such expenses applied to the level of activity.

Contingent consideration relates to amounts receivable for the sale of Ongame and domain names. The non-discounted book values are as follows:

	Contingent consideration	
	As at 30 June 2014 €million	As at 31 December 2013 €million
Within one year	**5.4**	-
Later than one year but not later than five years	**6.6**	11.8
	12.0	11.8

7. Trade and other payables

	As at 30 June 2014 €million	As at 31 December 2013 €million
Deferred and contingent consideration	**21.4**	1.0
Other payables	**70.5**	59.6
Current liabilities	**91.9**	60.6
Deferred and contingent consideration	**4.3**	3.8
Other payables	**0.5**	9.8
Later than one year but not later than five years	**4.8**	13.6
Non-current liabilities	**4.8**	13.6

Deferred and contingent consideration relates to amounts payable for the acquisitions of WPT and Servebase Group Limited (see note 13).

Other payables comprise amounts outstanding for trade purchases and other on-going costs. The carrying amount of other payables approximates to their fair value which is based on the net present value of expected future cashflows.

The amount due for deferred and contingent consideration is recognised at fair value.

The non-discounted book values for the deferred and contingent consideration are as follows:

	Deferred and contingent consideration	
	As at 30 June 2014 €million	As at 31 December 2013 €million
Within one year	**22.5**	1.0
Later than one year but not later than five years	**4.8**	4.4
	27.3	5.4

8. Loans and borrowings

	Book value As at 30 June 2014 €million	Book value As at 31 December 2013 €million	Fair value As at 30 June 2014 €million	Fair value As at 31 December 2013 €million
Secured bank facilities	**1.5**	24.3	**-**	23.0
Current liabilities	**1.5**	24.3	**-**	23.0
Secured bank facilities	**47.7**	24.3	**48.4**	23.1
Later than one year but not later than five years	**47.7**	24.3	**48.4**	23.1
Non-current liabilities	**47.7**	24.3	**48.4**	23.1

Bank borrowings are recognised at fair value and subsequently carried at amortised cost based on their internal rates of return. The discount rate applied was 5.46% (31 December 2013: 6.48%).

Principal terms and the debt repayment schedule of loans and borrowings before amortisation are as follows:

As at 30 June 2014	Total facility	Loan drawn down	Nominal rate	Year of maturity	Security
The Royal Bank of Scotland plc	£25 million	£25 million	3 months LIBOR plus 3.25%	2015	Floating charge over the assets of Cashcade Limited and its subsidiary undertakings
The Royal Bank of Scotland plc	£50 million	£15 million	3 months LIBOR plus 3.00%	2016	Floating charge over the assets of various of the Group's subsidiary undertakings

As at 31 December 2013	Total facility	Loan drawn down	Nominal rate	Year of maturity	Security
The Royal Bank of Scotland plc	£25 million	£25 million	3 months LIBOR plus 3.25%	2015	Floating charge over the assets of Cashcade Limited and its subsidiary undertakings
The Royal Bank of Scotland plc	£50 million	£15 million	3 months LIBOR plus 3.00%	2016	Floating charge over the assets of various of the Group's subsidiary undertakings

The maturity analysis of loans and borrowings, including interest and fees, is as follows:

	As at 30 June 2014 €million	As at 31 December 2013 €million
Within one year	**1.8**	25.3
Later than one year and not later than five years	**51.5**	25.0
	53.3	50.3

The £15m loan outstanding to the Royal Bank of Scotland plc as at 30 June 2014 and 31 December 2013 is a drawdown of part of a £50m facility. There is no fixed date of repayment before the end of the facility.

9. Assets/liabilities held for sale

Certain non-core assets of €10.5m (2013: €nil) and liabilities of €6.6m (2013: €nil) held within the Other segment have been classified as held for sale during the period after having met the conditions set out in IFRS 5.

10. Deferred tax

	€million
As at 1 January 2013	44.1
Exchange differences	(0.8)
Credited to condensed consolidated statement of comprehensive income	(3.2)
As at 30 June 2013	40.1
Exchange differences	0.5
Credited to condensed consolidated statement of comprehensive income	(3.7)
As at 31 December 2013	36.9
Exchange differences	**0.1**
Arising on acquisition of subsidiary (see note 13)	**3.5**
Credited to condensed consolidated statement of comprehensive income	**(3.8)**
Credited on impairment of intangible fixed assets	**(8.3)**
As at 30 June 2014	**28.4**

Deferred tax relates primarily to temporary timing differences arising from fair value adjustments of acquired intangibles.

11. Contingent liabilities

From time to time the Group is subject to legal claims and actions against it. The Group takes legal advice as to the likelihood of success of such claims and actions.

As part of the Board's ongoing regulatory compliance process, the Board continues to monitor legal and regulatory developments and their potential impact on the business and takes appropriate advice in respect of these developments.

Group companies may be subject to VAT on transactions which have been treated as exempt supplies of gambling, or on supplies which have been zero rated for export to Gibraltar where legislation provides that the services are received or used and enjoyed in the country where the services provider is located. No such amounts have been recognised as liabilities at the balance sheet date. In the view of the directors no valid claims are outstanding in respect of these contingent liabilities. Revenues earned from customers located in a 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.

Litigation

As a consequence of the as yet non-harmonised regulatory environment for online gaming in Europe, a number of civil and administrative proceedings are pending against the Group and/or its board members in several countries (including but not limited to Germany, Portugal, Slovenia and Spain) aimed at preventing bwin.party from offering its services in these countries. Further, there are criminal proceedings pending against a current and former board member for the alleged violation of local gaming laws in France.

In September 2011, the Oporto Court of First Instance, amongst others, (i) declared the (already terminated) sponsorship agreement between bwin.party and the Portuguese Soccer League ('LPFP') as illegal, (ii) declared bwin.party's gaming offer and advertising measures as illegal in Portugal, (iii) prohibited bwin.party to exploit mutual bets and lottery games in Portugal and to carry out any form of publicity or promotion of the website bwin.com, (iv) imposed on the defendants pecuniary sanctions of (A) €50,000 for each day the infraction lasts, payable to the Portuguese Casino Association ('APC') and (B) €50,000 for each infraction, payable to Santa Casa de Misericórdia da Lisboa ('SCML'), and (v) ordered the publishing of the ruling and the notification of Portuguese media organisations. bwin.party filed an appeal against the decision of the Court of First Instance, which was rejected by the Court of Appeals with decision dated 7 February 2013. bwin.party filed an appeal against this decision to the Portuguese Supreme Court of Justice. In June 2012, APC filed enforcement motions against LPFP and bwin.party for alleged non-compliance with the decision of September 2011 requesting the payment of penalties. These motions were rejected by the Court of First Instance and are currently pending before the Appellate Court.

11. Contingent liabilities (continued)

bwin.party is of the view that it has taken the necessary steps to comply with the judgement of the Court of First Instance. It cannot be excluded, however, that such steps are held to be insufficient by a competent court while bwin.party's and LPFP's appeal is pending. The Company continues to dispute its liability under the relevant statutes and intends to continue vigorously with its defence.

In July 2012, the Spanish gaming operator Codere filed an unfair competition complaint against various bwin.party group companies. Prior to this complaint the Spanish Court rejected Codere's request for a preliminary injunction. Very similar to the complaint filed by Santa Casa in Portugal (which was dismissed in July 2012), the complaint filed by Codere seeks damages and prejudicial consequences in the amount of approximately €25 million. On 10 July 2014 the Court issued the ruling dismissing Codere's claim and all of its petitions. The case is not yet final and Codere has the right to file an appeal against this ruling.

On 28 February 2014 bwin.party digital entertainment plc received a claim filed at the District Court of Limassol by Rodolfo Odoni against Nomato Investments Limited and six other defendants, including bwin.party digital entertainment plc and BAW International Limited (now bwin.party services (Gibraltar) Limited) in a total of seven defendants, seeking, *inter alia*, damages in the amount of €6.9 million. On 16 April 2014, bwin.party filed an application to set aside service and/or strike out the action. The next hearing is scheduled for 15 September 2014. bwin.party considers the claim to be without any merit and will vigorously defend its position.

On 5 October 2012, the Regional Court Linz (2nd instance court, Oberlandesgericht Linz) found a Malta based online gambling operator liable to reimburse approximately €1 million to a customer that had lost on the operator's online roulette. The Court argued that without an Austrian license to operate games of chance via the internet the offer of online roulette would be illegal and the underlying gaming contract would therefore not be enforceable. The operator appealed the decision to the Austrian Supreme Court. In a decision published in February 2014, the Austrian Supreme Court decided to send back the case to the 1st instance court stating that further findings, in particular in relation to the monopoly's advertising on the Austrian market, are necessary in order to properly assess the compatibility of the Austrian gambling monopoly with the jurisprudence of the Court of Justice of the European Union (CJEU). The proceedings might serve as precedence for potential other claims against other online gaming operators not licensed in Austria but accepting bets from that country. The Company continues to take the view that the Austrian gambling monopoly is inconsistent and not in line with the requirements of CJEU case law.

No provision has been made for contingent liabilities relating to the above detailed claims.

In 2007 the Group company bwin Argentina S.A. ("bwin Argentina") filed an amparo complaint (protective order) requesting extraordinary constitutional protection to operate its licence granted by the gaming regulatory authority of the Province of Misiones in case of any threat or act from any specific third parties. On 26 June 2012, the court rejected the amparo complaint. The decision is final, meaning that bwin Argentina must bear all costs of the proceedings (e.g. fees of the counsels to the prevailing parties). As a result of various freezing orders which have been served to ensure payment of these fees, BBVA Banco Francés has frozen ARD 5,000,000 (€0.5 million) and Banco Hipotecario has frozen ARD 5,000,000. bwin Argentina has challenged the freezing orders on the grounds that the sums frozen are not proportionate to the debts. On 14 November 2013 the Federal Court of Appeal confirmed the first instance court's decision pursuant to which the numeric basis for the calculation of legal fees were settled in the amount of actual profits obtained by bwin Argentina while the precautionary measure was in place (from February 2008 to December 2012). bwin Argentina has appealed this decision. Full provision for the frozen funds was charged in the 2013 financial year.

12. Related parties

Group

Transactions between Group companies have been eliminated on consolidation and are not disclosed in this note.

Directors and key management

Key management are those individuals who the Directors believe have significant authority and responsibility for planning, directing and controlling the activities of the Group. The aggregate short-term and long-term benefits, as well as share-based payments of the Directors and key management of the Group are set out below:

12. Related parties (continued)

Six months ended 30 June	2014 €million	2013 €million
Short-term benefits	**3.5**	3.9
Share-based payments	**1.9**	4.2
Termination benefits	**0.5**	1.2
	5.9	9.3

Entitlement under service contracts arise in respect of certain Directors and certain key management who have been granted share options under a Group share option plan.

At 30 June 2014 an aggregate balance of €nil was due to Directors and key management.

The Group purchased certain payment services of €2.8 million from a company on an arm's length basis for whom a Board member was a director during the period, with amounts owed at 30 June 2014 of €nil.

The Group purchased certain consultancy services of less than €0.1 million from a company on an arm's length basis for whom a Board member was a director during the period with amounts owed at 30 June 2014 of €nil.

The Group held an investment in a fund of €1.7m for whom a former Board member was a partner. The value of the fund fell by €0.1m in the period. An existing loan with interest accrued on an arms-length basis was extended to this former Board member with a current value of €3.1 million. This loan is held with certain guarantees and is believed to be fully recoverable.

One director has a loan with the Group of €3.1 million with an interest rate determined on an arm's length basis. The Group holds certain guarantees against this loan and believes the amounts to be fully recoverable.

In the six months to 31 December 2013 one director made a deposit into a customer account with the Group with a balance as at 30 June 2014 of €2.3 million.

In 2013 furnished property was leased to a former member of key management at an annual lease rental of €42,100 which the Directors believe is the fair value rental of the property. This agreement terminated in 2013 following the departure of that individual. There were no amounts owed at either 30 June 2014 or 2013. In 2013 and 2014 a further furnished property was leased to a member of key management at an annual lease rental of €nil for which the fair rental value of the property was €42,100.

Associates and joint ventures

The Group purchased on an arm's length basis certain advertising services of €0.7 million from a company that has a non-controlling interest in a Group subsidiary with amounts owed at 30 June 2014 of €0.2 million.

The Group purchased on an arm's length basis certain customer services of €1.5 million from an associate, with amounts owed at 30 June 2014 of €0.3 million.

The Group purchased on an arm's length basis certain rights to broadcast licensed media of €1.8 million from a joint venture, with amounts prepaid at 30 June 2013 of €0.9 million and sold rights to broadcast licensed media of €0.4 million to a joint venture, with amounts owed to the Group at 30 June 2014 of €0.2 million.

13. Acquisitions during the period

On 26 May 2014 the Group acquired 100% of the voting equity instruments of Servebase Group Limited. The group of companies acquired included PXP Solutions Limited, a global multi-channel payment gateway whose in-store payments technology is used by 8,000 merchants and retailers in 27 countries worldwide. Servebase Group Limited's principal activity is software design with technical support and computer consultancy services. The principal reasons for the acquisition was to add in-store payment processing to Kalixa's product suite as well as provide access to cross sell Kalixa's products to PXP's customer base.

Initial cash consideration of £20.1 million (€25.2 million) was paid with contingent consideration payable of up to £20 million (€25.1 million) dependent on which of two options the Group selects before the first anniversary of the acquisition. Under 'Option A' a further £10 million (€12.3 million) would be payable on the first anniversary of the acquisition. Under 'Option B' up to £20 million (€24.6 million) would be payable based on the value of existing PXP Solutions merchant volumes transferred to Kalixa for provision of card acquiring services, as measured on each of the first three anniversaries of the acquisition. The Group has determined the fair value of contingent consideration taking into account the probability of expected outcomes and appropriate discount rates.

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

	Book value €million	Fair value adjustments €million	Fair value €million
Property, plant & equipment	**0.2**	**-**	**0.2**
Developed software	**1.5**	**7.1**	**8.6**
Customer relationships	**-**	**9.4**	**9.4**
Trade and other receivables	**1.0**	**-**	**1.0**
Cash and cash equivalents	**0.2**	**-**	**0.2**
Trade and other payables	**(1.6)**	**-**	**(1.6)**
Deferred tax liability	**-**	**(3.5)**	**(3.5)**
Net assets acquired	**1.3**	**13.0**	**14.3**
Goodwill			**22.0**
Consideration			**36.3**
Cash paid on completion			**22.7**
Cash due on finalisation of completion accounts			**2.5**
Contingent consideration			**11.1**
Consideration			**36.3**

The intangible assets other than goodwill are being amortised over their estimated useful economic lives of up to three years for developed software and up to five years for customer relationships. The main factors leading to the recognition of goodwill (none of which is deductible for tax purposes) is the expertise of the workforce, synergies of the deal, the opportunity to cross-sell Kalixa's products to PXP's customer base and other non-recognisable benefits. The amount included above for contingent consideration represents the Directors' current best estimate of the amount payable which they consider is likely to be paid, after the effects of discounting.

In the period since acquisition, The Servebase Group has contributed €0.5 million in revenue and €0.1 million in EBITDA to the Group. Had the acquisition been made on 1 January 2014, Group revenue would have been €319.1 million and the loss after tax would have been impacted by less than €0.1 million.

Merger and acquisition costs in the period in respect of the acquisition totalled €0.7m. The cash balance of £2m (€2.5m) was paid following the end of the period.

14. Dividends

In line with our progressive dividend policy, the Board has declared a half year dividend of 1.89 pence per Ordinary share (2013: 1.80 pence) representing a 5% increase over the same period in the prior year. The half year dividend will be payable to shareholders and depositary interest holders on the register of shareholders and register of depositary interest holders respectively on 12 September 2014 (the 'Record Date'). It is expected that dividends will be paid on 10 October 2014. Shareholders wishing to receive dividends in Euros rather than Pounds Sterling will need to register a currency election with bwin.party's registrars on or before 19 September 2014. A separate announcement regarding the dividend payment has been issued today.

Independent review report to bwin.party digital entertainment plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2014 which comprises the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cashflows and 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 consolidated set of financial statements.

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 (IFRSs) 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 to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting its responsibilities in respect of half-yearly financial reporting in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 2014 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union, and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

BDO LLP
Chartered Accountants and Registered Auditors
55 Baker Street
London W1U 7EU
United Kingdom
29 August 2014

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

APPENDIX

Regulatory overview

Europe

An important milestone was achieved on 14 July 2014 when the Commission issued its recommendation on consumer protection and advertising as part of its action plan for online gambling. While the recommendations are not legally binding, they set common standards for all Member States. In its recommendation, the Commission is asking Member States to provide information to the Commission about the implementation of the recommended measures by January 2016. The Commission will then evaluate the implementation of the recommendation in early 2017. It is expected that the Commission will use its recommendation as a 'benchmark' when assessing Member States' regulatory regimes and whether they meet the requirements set by EU law (for example in a notification procedure) and could represent a first step towards greater harmonisation of regulatory frameworks across the EU.

The recommendation therefore complements the Commission's legal approach of re-launching pending and new infringement procedures as part of its 2012 action plan on online gambling. Pending actions, like the recommendation on best practices in the prevention and combatting of betting-related match-fixing, or infringement cases will likely be picked up by the new European Commission and the new Commissioner for Internal Market once they have taken office.

Germany (26% of net revenue in H1 2014)
Although having celebrated its second anniversary, no sports betting licences have yet been issued under the new State Treaty that was adopted in July 2012. So far, the licensing procedure has determined that 35 operators, including bwin.party, fulfil the minimum criteria and each has attended a hearing to present its case for licensing. Which of these operators will eventually be granted one of the 20 licences on offer is not expected to be decided before September 2014 at the earliest. However, with a series of legal actions expected to follow as unsuccessful candidates appeal the decision, the licensing process is expected to continue well into 2015. In the background, it is unclear how Germany will meet its obligation to furnish the Commission with a detailed evaluation of the State Treaty's implementation and in particular the justification for the restrictions imposed – an obligation that was supposed to be met within two years of its adoption in July 2012 and which the German *Länder* intend to meet by presenting their evaluation to the Commission in November 2014. Further complications may arise from a pending case at the Court of Justice of the European Union ('CJEU'). Originally referred by the Bavarian Amtsgericht Sonthofen, the case is to consider whether or not the State Treaty is compliant with EU law and is expected to be decided in 2015.

United Kingdom (11% of net revenue in H1 2014)
The Gambling (Licensing and Advertising) Bill formally became an Act by Royal Assent and is expected to come into effect on 1 October 2014. The requisite statutory instrument to allow operators to continue to trade legally in the UK was also published, kick-starting the licence application process that closes at midnight on 16 September 2014. At the same time, the Finance Act, that has confirmed a headline tax rate for online gambling of 15% on gaming revenue, is expected to take effect in December 2014. Whilst a legal challenge mounted by the Gibraltar Betting and Gaming Association (GBGA) could delay the implementation of the new regime, for now the Government appears to be pressing ahead as planned.

Italy (8% of net revenue in H1 2014)
Total gross gaming revenue across all products for the Italian market fell by 8% in the first half of 2014 versus the prior year to €340m according to official statistics with growth in sports betting and casino offsetting a 25% year-on-year decline in poker/skill games and a 16% decline in bingo. While betting exchanges are taxed at 20% of GGR, fixed-odds sports betting is taxed at 3.5% of turnover and so it is hoped that this anomaly will soon be rectified and fixed odds will also move to a tax on GGR. However, there is no clarity on the certainty or timing of such a change.

France (6% of net revenue in H1 2014)
According to ARJEL, the French regulator, online sports betting gross gaming revenues in France grew nearly 41% to €113m in the first half of 2014 versus €80m the prior year, driven by the FIFA World Cup. This contrasts with poker where gross gaming revenues declined 17% to €112.5m (H1 13: €135.0m)[3]. There is still no sign of any plans to improve the regulatory or fiscal regime in France making for a

[3] http://www.arjel.fr/-Communiques-de-presse-.html

challenging business environment – this is reflected by the fact there are now just 18 operators compared with the 35 that originally applied for licences when the market opened in June 2010.

Spain (5% of net revenue in H1 2014)
According to data from the Spanish regulator[4] in the first quarter of 2014, the total online gaming market grew by 9% versus the previous year in terms of gross gaming revenue. This again was driven by sports betting that grew by 21% on the back of the FIFA World Cup. Casino grew GGR by less than 1% while poker declined by 4%. Bingo remains a small market having generated €2.1m in the first quarter of 2014. The expected launch of online slots in Spain has yet to take place and it is hoped that this will be achieved by the end of 2014.

Belgium (2% of net revenue in H1 2014)
Having become the subject of a fresh infringement notice from the European Commission in November 2013, there has been little movement in the regulatory framework. However, in late May 2014, the Belgian Gaming Commission sent an open letter to the new government to limit the licensed offer both online and offline. Quite how the government will react is unknown.

Denmark (1% of net revenue in H1 2014)
The Danish market continues to be led by Danske Spil, our local partner. According to the latest figures from the Danish regulator, the market had grown by approximately 22% in the second quarter of 2014 versus the prior year although this growth was driven by sports betting (+32%) that benefited from the FIFA World Cup and casino (+8%) while poker declined by 20%.

Elsewhere, there are moves to introduce legislation for online gaming in several countries including, Czech Republic, Hungary, Ireland, Netherlands and Portugal, to name but a few. The details of such proposals and whether such legislation may become law remain unclear.

United States (New Jersey 1% of net revenue in H1 2014)

So far, three states (Nevada, New Jersey, Delaware) have enacted regulations to allow intra-state online gaming, while three others (California, Pennsylvania, New York) have seen bills introduced although they have so far failed to secure sufficient support to be passed into law. At a federal level there has been much noise around a move to try and effect an outright ban on online gaming with a possible carve-out permitting online poker only.

While it is unclear whether some or any of these proposed initiatives will become law, through our existing agreements with MGM Resorts International, Boyd Gaming and the United Auburn Indian Community, we believe the Group is well-placed to take advantage of any market openings in the US.

[4] *https://www.ordenacionjuego.es/en/estudios-informes*

Glossary

'Active player days'	aggregate number of days in the given period in which active players have contributed to rake and/or placed a wager. This can be calculated by multiplying average active players by the number of days in the period
'active player' or 'active real money'	in relation to the Group's products, a player who has contributed to rake and/or placed a wager
'average active players' or 'Daily average players'	the daily average number of players who contributed to rake and/or placed a wager in the given period. This can be calculated by dividing active player days in the given period, by the number of days in that period
'B2B'	business-to-business
'B2C'	business-to-consumer
'Board' or 'Directors'	the Directors listed on the Company's website, www.bwinparty.com
'bwin'	bwin Interactive Entertainment AG, its subsidiaries and its associated companies
'bwin.party'	bwin.party digital entertainment plc, the name of the Group formed by the Merger of PartyGaming Plc and bwin Interactive Entertainment AG
'bwin.party Shares'	the Company's existing Shares and the new shares issued to the bwin shareholders in conjunction with the completion of the merger
'Cashcade'	Cashcade Limited and its subsidiaries
'Clean EBITDA and 'Clean EPS'	EBITDA adjusted for exchange differences, reorganisation expenses, income or expenses that relate to exceptional items, and non-cash charges relating to impairments and share-based payments (see reconciliation of Clean EBITDA to operating profit/(loss) and reconciliation of Clean EPS to Basic EPS within this release)
'Company' or 'PartyGaming' or 'bwin.party'	PartyGaming Plc prior to completion of the Merger and bwin.party digital entertainment plc ('bwin.party') after the merger
'EBITDA'	earnings before interest, tax, depreciation and amortisation
'Employee Trust'	the bwin.party Shares Trust, a discretionary share ownership trust established by the Company in which the potential beneficiaries include all of the current and former employees and self-employed consultants of the Group
'Foxy Bingo'	www.foxybingo.com, one of Europe's largest active bingo sites that was acquired as part of the purchase of Cashcade
'FTSE4good Index Series'	a benchmark of tradeable indices for responsible investors. The index is derived from the globally recognised FTSE Global Equity Index Series
'Gioco Digitale'	www.giocodigitale.it, one of the Group's principal bingo websites
'gross win margin'	gross win as a percentage of the amount wagered

‘gross win’	customer stakes less customer winnings
‘gross gaming revenue’ or ‘GGR’	gross win added to rake
‘Group’ or ‘bwin.party Group’	the Company and its consolidated subsidiaries and subsidiary undertakings
‘IAS’	International Accounting Standards
‘IASB’	International Accounting Standards Board
‘IFRS’	International Financial Reporting Standards
‘InterTrader’	Our financial markets service, formerly known as PartyMarkets.com
‘Kalixa’	The Group’s payments business
‘KPIs’	Key Performance Indicators such as active player days and yield per active player day
‘Merger’	the merger of bwin Interactive Entertainment AG and PartyGaming Plc that was completed on 31 March 2011, accounted for under IFRS 3 as an acquisition of bwin
‘new player sign-ups’	new players who register on the Group’s real money sites
‘partycasino’	www.partycasino.com, the Group’s principal casino website
‘partypoker’	www.partypoker.com, the Group’s principal poker website
‘player’ or ‘unique active player’	Customers who placed a wager or generated rake in the period
‘rake’	the money charged by the Group for each qualifying poker hand played on its websites in accordance with the prevailing and applicable rake structure
‘real money sign-ups’ or ‘sign-ups’	new players who have registered and deposited funds into an account with ‘real money’ gambling where money is wagered, as opposed to play money where no money is wagered
‘Shareholders’	holders of Shares in the Company
‘Shares’	the ordinary shares of 0.015 pence each in the capital of the Company
‘sports betting’	placing bets on sporting events
‘UIGEA’	the Unlawful Internet Gambling Enforcement Act that was enacted in the US on 13 October 2006
‘wager’	a bet on a game or sporting event
‘WIN’	the Group’s Social Gaming business unit established in May 2012
‘WPT’	the business and substantially all of the assets of The World Poker Tour acquired by the Group on 9 November 2009
‘yield per active player day’	net revenue in the period divided by the number of active player days in that period