GAMINGvc

Press Release **25 September 2006**

Gaming VC Holdings S.A.

(“Gaming VC” or “the Group“)

Interim Results

Gaming VC Holdings S.A. (AiM:GVC), a leading European online casino provider, today announces its Interim Results for the six months ended 30 June 2006.

Financial Highlights

- Interim revenue and profits in line with market expectations
- Revenues of €21.2 million show recovery to H1 2005 levels (2005: H1 €21.3 million H2 € 19.2 million) as a result of direct mail marketing campaigns
- Gross profit of €15.7 million (2005: H1 €16.5 million H2 €14.3 million)
- Operating profit of €6.8 million (2005: H1 €11.2 million H2 €2.2 million)
- Profit before tax €6.7 million (2005: H1 €11.1 million H2 €1.2 million)
- Basic earnings per share €0.21 (2005: H1 €0.36 H2 €0.05)
- Soft launch of Russian language casino with Russian joint venture partner
- Increased marketing spend on poker
- September revenue below expectations
- Second half anticipated to be materially below expectations
- Recommended interim dividend of 13 pence per share (2005: H1 21 pence H2 21 pence)

Business Highlights

	H1 2005	**H2 2005**	**H1 2006**
New registrations	13,200	19,600	26,900
New depositing customers	8,100	9,900	12,700
Daily average revenue	€117,500	€106,350	€117,000

Commenting on the results, Steve Barlow, Chief Executive of Gaming VC, said: "Performance in the first half of 2006 was strong, however, as we anticipated the months of July and August have showed some seasonal weakness. In addition, due to unforeseen direct mail disruptions, combined with an extremely hot summer and post World Cup weakness, our Casino business has also been further impacted. Hopes for a September recovery have not yet fully materialised and therefore we believe that the outcome of second half is likely to be affected.

"In order to try and overcome many of these issues, the Group has continued its investment into alternate channels, games and territories, as well as strengthening the Board and the management team. As in the past, the Group will look to return excess capital to shareholders in the form of a dividend and the Board will continue to work hard towards delivering shareholder value for the full year."

- Ends -

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Operating and Financial Review

Overview

The results for the six months ended 30 June 2006 show a gross profit of €15.7 million (six months to 30 June 2005 €16.5 million). This represents an increase of 10% on the gross profit in the second half of last year. The net profit of €6.8 million (six months to 30 June 2005: €11.0 million) was an increase of over 300% on the second half of last year. Earnings per share on profit after tax were €0.21 (H1 2005: €0.36).

The Group reported in July 2006 that the first half performance was satisfactory with the business objectives for both organic and geographic growth continuing. Revenue growth has continued and the Group delivered on its promise of a formal contract with a Russian joint venture partner which has already led to the soft launch of a Russian language casino.

New marketing channels have been established, including an internet newsletter for existing customers, the introduction of local educational poker events in Germany and the development of a TV campaign that refers players to an educational 'not for gain' website which is due to launch in the fourth quarter.

Operations

The performance in our casino operations was strong throughout the first half of the year and marketing innovations executed in June for the World Cup kept both revenue and net profit at the half year in line with our expectations.

The anchor marketing campaign has now been operating for twelve months and the core business has recovered to the H1 2005 revenue levels as shown below:

	H1 2005	**H2 2005**	**H1 2006**
New registrations	13,200	19,600	26,900
New depositing customers	8,100	9,900	12,700
Daily average revenue	€117,500	€106,350	€117,000

Phase two of the Spanish marketing campaign went live in March 2006. However, the reactive feedback controls which are integral to Gaming VC marketing indicated that the acquisition cost per new player remained unattractive in relation to other potential opportunities. The Spanish language Casino will remain live but all material marketing promotions in the Iberian Peninsula have now been wound down.

The Group's poker business has experienced growth, but to date this growth has not offset the apparent slowdown in the higher gross margin casino revenue growth. Poker is also a very competitive and crowded market.

The Group will invest resources to increase poker revenue through hosting regional tournaments, focusing on education. Early trials have been extremely encouraging, and the Group is currently preparing a TV initiative to utilise the Casino Club brand awareness and strength.

The direct mail marketing campaign experienced interruptions due to new providers learning the business, and concerns from existing suppliers due to the increased regulatory actions in Europe. We believe that the former issues are likely to be short term but the latter will require the Group to reassess the emphasis of the marketing strategy and revise it appropriately.

The Group is not aware of any regulatory change since the business was floated for online gaming companies in Europe. The general regulatory environment in 2005 appeared to be liberalising but since the summer of 2006 there is a perception that this has reversed in the marketplace. The online gaming environment remains challenging, and the Group continues to monitor closely the developments across applicable regulatory environments. This forms part of the Group's risk assessment processes.

Competitors in the online gaming industry have been challenged this summer in both the US and in certain European markets. Gaming VC continues not to transact any wagering activity on behalf of players in the United States, and in Europe, the Group does not operate a sportsbook.

As anticipated the months of July and August showed some seasonal weakness. In addition, due to unforeseen direct mail disruptions, combined with an extremely hot summer and post World Cup weakness, the business was further impacted. An expected strong September pickup after the summer has not materialised and the third quarter is expected to produce a daily average revenue of €102,000 (Q3 2005: 98,500) against the €126,000 which was originally projected. The short fall is attributed to increased competition from competitive poker operations attracting Casino Club members' discretionary spend, and the operational challenges discussed above. This will affect the Group's second half results which are anticipated to be materially below our original expectations.

New territories

In July 2006, after over nine months of groundwork and negotiation, a marketing partnership was agreed to promote the recently launched Russian language Casino. Gaming VC's Russian partner will provide the local knowledge needed to support revenue growth. With the full framework in place, a full marketing programme focussed on Moscow, will be rolled out, over the balance of this year.

Group Financial performance

Total gross wagers placed, excluding poker, were €787 million (H1 2005: €880 million), and net revenues were €21.2 million (H1 2005: €21.3 million). The gross profit for the first six months of 2006 was €15.7 million (H1 2005: €16.5 million) with the Group's primary cost of service sold being the turnkey online casino services provided by Boss Media S.A. and its subsidiaries.

In the six months to 30 June 2006 there were no significant one-off jackpot winners in the Group's slot machine games with associated 'progressive' jackpots. The total of the available jackpots at the end of June 2006 was €2.2 million (30 June 2005: €1.3 million) with the largest individual jackpot being €1.2 million (30 June 2005: €0.7 million). In both July and August 2006 jackpots of over €150,000 were won by Casino members.

The Group operating profit for the six months to 30 June 2006 was €6.8 million (H1 2005: €11.2 million) after the deduction of distribution and administrative expenses. The significant change from 2005 is primarily due to the launching of the acquisition direct mail marketing campaign in the second half of 2005. This addressed a significant erosion in Casino membership and associated revenue.

Distribution costs of €3.6 million (H1 2005: €0.9 million) reflect the third party marketing costs incurred by the Group to recruit active members to the Casino. Approximately €2.7 million was related to direct mail and the Casino-Club magazine, and the balance on testing alternative marketing techniques, poker promotion, a trial in Spain, and planning for the Russian casino. The level of ongoing spend will be greater to support the increased poker marketing activities.

The major items within the administrative expenses incurred for the first half of 2006 are detailed below:

	6 month period ended 30 June 2006 €'000	**6 month period ended 30 June 2005 €'000**
Direct employment costs	1,473	847
Share options charge	636	144
Legal, accounting and tax	719	903
Amortisation of intangible assets	1,435	1,395
All other costs	997	1,148
Total administrative expenses	5,260	4,437

The increase in employment costs reflects the fact that the business was effectively a start up in 2005 and many employees were recruited in the first six months of 2005. The share options charge has increased as employee stock options were granted to most of the employees in the period between June 2005 and June 2006.

The 2005 legal, accounting and tax costs are significantly higher than 2006 as they include a 'one-off' charge for a full audit of the Group's Interim results in 2005 (€0.2 million).

The amortisation of intangible assets is a non-cash charge that primarily reflects the reduction in economic value over the useful lives of those intangible assets acquired on the purchase of the Casino business in December 2004. In accordance with the Group's policy a full review of the carrying value of these assets will occur at the year end. The trading and commercial environment between now and the end of the first quarter of 2007 will have a major impact on the review.

The Group has been structured to provide maximum earnings efficiency through the use of advantageous tax treaties between countries where the Group has established legal entities. The result of this is a nil tax charge for the first six months of 2006 (H1 2005: €0.01 million). The Group periodically reviews all of the relevant and controlling tax regulations to optimise the available benefits. A Group effective tax charge of less than 2% of net profit is envisaged to continue for the foreseeable future.

In the reporting period the Group generated €8.9 million (H1 2005: €11.9 million) from operating activities. After payment of the 2005 final dividend of €9.6 million during the period, the Group's closing cash balance at 30 June 2006 was €6.3 million (2005: €12.1 million).

Dividend

The core business is cash generative and excess capital will continue to be returned to shareholders. With the commitments to develop the poker business and the reduction in expected income in 2006 the Board proposes to pay an interim dividend of 13 pence (gross) (c€0.2) per share (H1 2005: 21 pence). This will consume a total of 4,047,649 GBP (c€ 6.0 million) in cash (H1 2005: 6,538,511 GBP (c€ 9.6 million). The dividend will be paid on 31 October 2006 to holders on the share register at 3 October 2006.

Outlook

As stated above, given the poor trading experienced in the third quarter of 2006, we envisage the results for the year will be materially below our original expectations. However, the Group expects to deliver growth in its German speaking markets. The rate of this growth will be impacted by the level of uncertainty over regulation of online gaming in the markets in which the Group conducts business.

In addition, whilst some uncertainty remains in the Group's core markets, significant effort will be put into developing business in new markets.

As previously stated, the Group's strategy is to only commit funds to new markets once initial testing stage has proven the market to be viable. This has been achieved in the Russian market and we will subsequently look to roll out the new Russian casino over Q4 2006.

Steve Barlow	**Nigel Blythe-Tinker**
Chief Executive	**Chairman**

Consolidated Income Statement
For the period ended 30 June 2006

In thousands of euro	**6 month Period ended 30 June 2006 (Unaudited)**	6 month Period ended 30 June 2005 (Audited)	6 month Period ended 31 December 2005 (Unaudited)	Year ended 31 December 2005 (Audited)
Revenue	**21,208**	21,269	19,174	40,443
Cost of Sales	**(5,523)**	(4,794)	(4,883)	(9,677)
Gross profit	**15,685**	16,475	14,291	30,766
Distribution expenses	**(3,617)**	(859)	(6,551)	(7,410)
Administrative expense	**(5,260)**	(4,437)	(5,557)	(9,994)
Operating profit before financing costs	**6,808**	11,179	2,183	13,362
Financial income	**31**	16	30	46
Financial expense	**(163)**	(138)	(463)	(601)
Net financing costs	**(132)**	(122)	(433)	(555)
Profit before tax	**6,676**	11,057	1,750	12,807
Income tax expense	**-**	(13)	-	(13)
Profit for the year/period	**6,676**	11,044	1,750	12,794
Basic earnings per share (euro)	**0.21**	0.36	0.05	0.41
Diluted earnings per share (euro)	**0.21**	0.35	0.05	0.41

Consolidated statement of recognised income and expense
For the period ended 30 June 2006

In thousands of euro	**6 month Period ended 30 June 2006 (Unaudited)**	6 month Period ended 30 June 2005 (Audited)	6 month Period ended 31 December 2005 (Unaudited)	Year ended 31 December 2005 (Audited)
Profit and total recognised income and expense for the period	**6,676**	11,044	1,750	12,794

Consolidated Balance Sheet
As at 30 June 2006

In thousands of euro	**30 June 2006 (Unaudited)**	31 December 2005 (Audited)	30 June 2005 (Audited)
Assets			
Property, plant and equipment	**73**	46	55
Intangible assets	**101,440**	102,752	104,159
Total non-current assets	**101,513**	102,798	104,214
Trade receivables	**2,220**	2,151	3,192
Prepayments	**553**	531	-
Cash and cash equivalents	**6,328**	7,233	12,058
Total current assets	**9,101**	9,915	15,250
Total assets	**110,614**	112,713	119,464
Equity			
Issued share capital	**38,608**	38,608	38,608
Share premium	**57,927**	67,522	67,522
Retained earnings	**11,421**	4,109	11,582
Total equity attributable to equity holders of the parent	**107,956**	110,239	117,712
Liabilities			
Trade and other payables	**1,388**	1,158	1,248
Accrued expenses	**1,270**	1,316	504
Total current liabilities	**2,658**	2,474	1,752
Total liabilities	**2,658**	2,474	1,752
Total equity and liabilities	**110,614**	112,713	119,464

Consolidated Statement of Cashflows

For the period ended 30 June 2006

In thousands of euro	**6 month Period ended 30 June 2006 (Unaudited)**	6 month Period ended 30 June 2005 (Audited)	6 month Period ended 31 December 2005 (Unaudited)	Year ended 31 December 2005 (Audited)
Cash flows from operating activities				
Cash receipts from customers	**21,141**	19,828	19,083	38,911
Cash paid to suppliers and employees	**(12,220)**	(7,950)	(14,016)	(21,966)
Net cash from operating activities	**8,921**	11,878	5,067	16,945
Cash flows from investing activities				
Interest received	**30**	15	31	46
Acquisition of property, plant and equipment	**(44)**	(65)	(2)	(67)
Acquisition of intellectual property	**(105)**	(75)	-	(75)
Net cash from investing activities	**(119)**	(125)	29	(96)
Cash flows from financing activities				
Payment of transaction costs	**-**	(849)	(18)	(867)
Dividend paid	**(9,595)**	-	(9,559)	(9,559)
Net cash from financing activities	**(9,595)**	(849)	(9,577)	(10,426)
Net (decrease) /increase in cash and cash equivalents	**(793)**	10,904	(4,481)	6,423
Cash and cash equivalents at beginning of the period/year	**7,233**	1,270	12,058	1,270
Effect of exchange rate fluctuations on cash held	**(112)**	(116)	(344)	(460)
Cash and cash equivalents at end of the period/year	**6,328**	12,058	7,233	7,233

Statement of Changes in Shareholders Equity

In thousands of euro	Share Capital	Share premium	Retained earnings	Total
At 31 December 2004	38,608	67,522	383	106,513
Equity settled transactions net of tax		-	155	155
Total recognised income and expense	-	-	11,044	11,044
Balance at 30 June 2005	38,608	67,522	11,582	117,712
Balance at 1 July 2005	38,608	67,522	11,582	117,712
Equity settled transactions net of tax	-	-	336	336
Dividend paid in period	-	-	(9,559)	(9,559)
Total recognised income and expense	-	-	1,750	1,750
Balance at 31 December 2005	38,608	67,522	4,109	110,239
Balance at 1 January 2006	38,608	67,522	4,109	110,239
Equity settled transactions net of tax	-	-	636	636
Dividend paid in period		(9,595)	-	(9,595)
Total recognised income and expense	-	-	6,676	6,676
Balance at 30 June 2006	**38,608**	**57,927**	**11,421**	**107,956**

Notes to the interim consolidated financial statements

Basis of preparation

Gaming VC Holdings SA (the ''Company'') is a company registered in Luxembourg. These interim consolidated financial statements are presented in accordance with the requirements of IAS 34 Interim Financial Reporting. The accounting policies used in the preparation of the interim financial statements comply with the International Financial Reporting standards ("IFRS") as adopted by the European Union. They are consistent with those used in the annual financial statements for the year ended 31 December 2005.

This interim report contains the unaudited financial information of the Company and its subsidiaries (together referred to as the "Group") for the 6 months ended 30 June 2006.

The interim financial statements were authorised for issue by the Directors on 24 September 2006.

These interim financial statements should be read in conjunction with the 2005 consolidated financial statements.

1 Segment reporting

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

Business segments
Based on risks and returns the management considers that the primary reporting format is by business segment. The Directors consider that there currently is only one business segment being the casino operation of games of chance. Therefore the disclosures for the primary segment have already been given in these financial statements. A second business segment of skill based games which was launched in the last quarter of 2005 only achieved revenue of €798,000 to the half year which has been included in games of chance. It is expected to be sufficiently material to be disclosed separately in the full year accounts for 2006.

Geographical segments
Within the year the core business activity has been concentrated in the German language countries.

Development specifically tailored for other European language countries is ongoing. Owing to current legislation in the US the company continues to block access to its games to potential players located there.

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

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the location of the assets themselves.

Geographical segments

	Germany		Austria		Other Countries		Consolidated	
In thousands of euro	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005
Revenue from games of chance	**16,214**	30,293	**3,714**	7,742	**1,280**	2,408	**21,208**	40,443
Segment assets	-	-	-	-	**110,614**	112,713	**110,614**	112,713
Capital expenditure	-	-	-	-	**149**	142	**149**	142

2 Taxation

The group has been structured to provide maximum earnings efficiency through the use of advantageous tax treaties between countries where the Group has established legal entities. The result of this structuring is a total tax charge of €0.01 million in H1 2005 and €Nil in H1 2006. The Group periodically reviews all of the relevant and controlling tax regulations to optimise the available benefits. A Group effective tax charge of less than 2% of net profit is envisaged to continue for the foreseeable future.

3 Dividends

A dividend in respect of the financial year 2005 of GBP 0.21 per share was declared by the Annual General Meeting held on 16 May 2006 and paid on 22 May 2006.

4 Earnings per share

The calculation of basic earnings per share at 30 June 2006 was based on the profit for the period attributable to ordinary shareholders of €6,676,000 (2005 interim: €11,044,000; full year: €12,794,000) and on a weighted average number of ordinary shares in issue during the period, which totalled 31,135,762 shares (2005 interim: 31,135,762; full year: 31,135,762).

The calculation of diluted earnings per share at 30 June 2006 was based on the profit attributable to ordinary shareholders of €6,676,000 (2005 interim: €11,044,000; full year: €12,794,000) and on a weighted average number of ordinary shares outstanding at 30 June 2006 of 31,135,762 shares (2005 interim: 31,382,665; full year: 31,135,762).

The share options issued in the period are anti-dilutive and have had no impact on the calculation of the diluted earnings per share.

- Ends -