THIS ANNOUNCEMENT DOES NOT CONSTITUTE A PROSPECTUS OR PROSPECTUS EQUIVALENT DOCUMENT AND NEITHER THIS ANNOUNCEMENT NOR ANYTHING HEREIN FORMS THE BASIS FOR ANY OFFER TO PURCHASE OR SUBSCRIBE FOR ANY SHARES OR OTHER SECURITIES IN THE COMPANY NOR SHALL IT FORM THE BASIS FOR ANY CONTRACT OR COMMITMENT WHATSOEVER

GVC Holdings PLC

*("**GVC**" or the "**Company**" and together with its subsidiary undertakings, the "**Group**")*

NOTIFICATION OF TRANSFER TO A PREMIUM LISTING

GVC announces that it is proposing to transfer the listing category of all of its ordinary shares from a standard listing (shares) on the Official List to a premium listing (commercial company) on the Official List in accordance with Listing Rule 5.4A of the Listing Rules (the "**Transfer**"). It is anticipated that the Transfer will take effect at 8.00 a.m. on 1 August 2016, conditional upon the approval of the UK Listing Authority ("**UKLA**").

This announcement is being made in accordance with Listing Rule 5.4A.5. No shareholder vote is required in order to effect the Transfer.

1. Background to and reasons for the Transfer

GVC is a leading e-gaming operator in both b2c and b2b markets. GVC has four main product verticals and its core brands are CasinoClub, Betboo, Sportingbet, bwin, partypoker, partycasino, Gioco Digitale, FoxyBingo and Cheeky Bingo. GVC acquired bwin.party digital entertainment plc ("**bwin**" or "**bwin.party**") on 1 February 2016. The Group is headquartered in the Isle of Man and has licences in Austria, Belgium, Bulgaria, France, Italy, Denmark, Germany (Schleswig-Holstein), Gibraltar, Spain, Malta, Denmark, Romania, UK, South Africa, and the Dutch Caribbean. In the year ended 31 December 2015, GVC generated Net Gaming Revenue ("NGR") of €247.7 million and Clean EBITDA of €54.1 million. In the same year, bwin generated NGR of approximately €576 million and Clean EBITDA of approximately €109 million. On an aggregated basis therefore, GVC and bwin generated NGR of approximately €824 million and clean EBITDA of approximately €163 million in 2015.

The Company's issued and to be issued ordinary share capital was admitted to the standard listing segment of the Official List of the UKLA and to trading on the Main Market of the London Stock Exchange (the "Listing") on 2 February 2016, following completion of the acquisition by GVC of bwin.party on 1 February 2016.

The Company's board of directors (the "**Board**") believes that, given the enlarged size, and the enhanced profile of GVC following its acquisition of bwin, a premium listing is the most appropriate listing category for the Company, providing exposure to a wider investor base and enhancing the liquidity of the Company's shares. It is anticipated that, subject to the Transfer becoming effective and other conditions being met, the Company will be considered for inclusion into the FTSE UK Index Series. The Board believes that inclusion within the FTSE UK Index Series would further enhance the Company's profile and allow access to a wider potential investor base. Accordingly, the Board has concluded that it is in the best interests of the Company and its shareholders as a whole to effect the Transfer.

The Company has therefore requested that the UKLA approve the Transfer with effect from 8.00 a.m. on 1 August 2016. As at close of business on 30 June 2016, the Company had 291,980,780 shares in issue.

2. Effect of the Transfer

Following the Transfer certain additional provisions of the Listing Rules will apply to the Company. These provisions, set out in Chapters 6 to 13 (inclusive) of the Listing Rules, relate to the following matters:

1. the application of certain requirements that are specific to companies with a premium listing (Chapter 6);
2. the application of the Premium Listing Principles set out in Listing Rule 7.2.1AR (Chapter 7);
3. the requirement to appoint a sponsor in certain circumstances (Chapter 8);
4. the requirement to comply with various continuing obligations, including compliance with all relevant provisions of the UK Corporate Governance Code (or provide an explanation for any non-compliance, if applicable, in its annual financial report) (Chapter 9);
5. the requirement to announce, or obtain shareholder approval for, certain transactions (depending on their size and nature) and for certain transactions with "related parties" of the Company (Chapters 10 and 11);
6. certain restrictions in relation to the Company dealing in its own securities and treasury shares (Chapter 12); and
7. various specific contents requirements that will apply to circulars issued by the Company to its shareholders (Chapter 13).

3. Working Capital

In the opinion of the Company, the Group has sufficient working capital available for the Group's requirements for at least the next 12 months from the date of this announcement.

4. Bank facilities

Pursuant to the Transfer and the related requirement to make a statement as regards adequacy of working capital as set out in paragraph 3 above (which typically requires a working capital review period of 18 months or more), the Company has entered into an agreement with Cerberus Business Finance LLC ("**Cerberus**") to extend the maturity date of its existing €400 million facility with Cerberus (the "**Cerberus Facility**") from 4 September 2017 (the "**Existing Maturity Date**") to 4 April 2018. This extension does not alter the Board's intention or timetable as regards refinancing this facility on improved terms and the Board intends to refinance the Cerberus Facility before the Existing Maturity Date. However, were the Cerberus Facility to remain outstanding on or after the Existing Maturity Date, a fee of €14 million would be payable. All other terms of the Cerberus Facility (as summarised in the Company's prospectus dated 13 November 2015) remain unchanged.

5. Corporate Governance

The Board is committed to, and recognises the importance and value of good corporate governance. The Company has taken steps to comply with the recommendations set out in the UK Corporate Governance Code and will report on compliance and provide any reasons for non-compliance in its 2016 Annual Report. The Company expects to be in compliance with the recommendations set out in the UK Corporate Governance Code immediately prior to the Transfer, other than in respect of certain termination provisions in the contracts of some directors. Such arrangements will be reviewed by the Company's Remuneration Committee. The Company is also in ongoing discussions regarding the appointment of a Senior Independent Director. To the extent this appointment has not been made prior to the date of Transfer, the Company expects to make such an appointment in the near term thereafter.

Since completion of the bwin acquisition, the Company has appointed two additional independent non-executive directors, Stephen Morana and Peter Isola and a further non-executive director, Norbert Teufelberger (who is not deemed independent as a result of his previous employment as CEO of bwin). Furthermore, the Company has made three senior non-board appointments since the acquisition of bwin.party: Shay Segev as Chief Operating Officer; Nick Batram as Head of Investor Relations, and Liron Snir as Chief Product Officer.

6. UK Takeover Code

The Company has its registered office in the Isle of Man and its ordinary shares are admitted to trading on the Main Market of the London Stock Exchange. The Company is therefore subject to the UK Takeover Code, with which the Company complies.

7. Appointment of Sponsor

The Group has appointed Cenkos Securities plc ("**Cenkos**") to act as its Sponsor in relation to the Transfer. Cenkos is currently corporate broker to GVC.

8. FTSE eligibility and qualification

FTSE's Europe, Middle East and Africa (EMEA) Committee meets on a quarterly basis to review the constituents of the FTSE UK index series, incorporating the FTSE 100, FTSE 250 and FTSE SmallCap. It is anticipated that, subject to the Transfer becoming effective and other conditions being met, the Company will be considered for inclusion into the FTSE UK Index Series and such inclusion would become effective on 19 September 2016.

9. Financial information incorporated by reference

The financial information set out below is incorporated by reference into this announcement and can be found in the prospectus published by GVC on 13 November 2015 (the "**Prospectus**"), in connection with GVC's acquisition of bwin, in the annual report and accounts of GVC for the year ended 31 December 2015 and in the annual report and accounts of bwin for the years ended 31 December 2014 and 2013.

The Prospectus can be found on the Company's website via the following link: http://www.gvc-plc.com/archive/takeover_code_bwin/GVC-Prospectus-131115.pdf.

The annual report and accounts of GVC for the years ended 31 December 2015, 2014 and 2013 can be found on the Company's website via the following link: http://www.gvc-plc.com/html/investor/annual_report.asp.

The annual report and accounts of bwin for the years ended 31 December 2014 and 2013 can be found on the Company's website via the following link: http://www.gvc-plc.com/html/investor/bwinparty_reports.asp.

Information incorporated by reference into this announcement	**Reference document**	**Page number in reference document**
Annual audited accounts of GVC Holdings PLC for the financial year ended 31 December 2015 and the independent auditor's report thereon	*Accounts to 31 December 2015*	
	Directors' report	Pages 35-37
	Independent auditor's report	Pages 41-45
	Consolidated income statement	Page 46
	Consolidated statement of comprehensive income	Page 46
	Consolidated statement of financial position	Page 47
	Consolidated statement of changes in equity	Page 48
	Consolidated statement of cash flows	Page 49
	Notes to the consolidated financial statements	Pages 53-87

Information incorporated by reference into this announcement	Reference document	Page number in reference document
Annual audited accounts of GVC Holdings PLC for the financial years ended 31 December 2014 and 2013 and the independent auditor's reports thereon	Prospectus, Part 3, Sections B and C	Pages 109-206
	Accounts to 31 December 2014	
	Directors' report	Pages 109-111
	Independent auditor's report	Page 112
	Consolidated income statement	Page 113
	Consolidated statement of comprehensive income	Page 114
	Consolidated balance sheet	Page 115
	Consolidated statement of changes in equity	Page 116
	Consolidated statement of cash flows	Page 117
	Notes to the consolidated financial statements	Pages 118-158
	Accounts to 31 December 2013	
	Director's report	Pages 159-161
	Independent auditor's report	Page 162
	Consolidated income statement	Page 163
	Consolidated statement of comprehensive income	Page 164
	Consolidated balance sheet	Page 165
	Consolidated statement of changes in equity	Page 166
	Consolidated statement of cash flows	Page 167
	Notes to the financial statements	Pages 168-206
Annual audited accounts of bwin for the financial years ended 31 December 2014 and 2013 and the independent auditor's reports thereon	*2014 Bwin Annual Report*	
	Independent auditor's report	Pages 96-99
	Consolidated statement of comprehensive income	Page 100
	Consolidated statement of financial position	Page 101
	Consolidated statement of changes in equity	Page 102
	Consolidated statement of cash flows	Page 103
	Notes to the financial statements	Pages 104-142
	2013 Bwin Annual Report	
	Independent auditor's report	Pages 110-113
	Consolidated statement of comprehensive income	Page 114
	Consolidated statement of financial position	Page 115
	Consolidated statement of changes in equity	Page 116
	Consolidated statement of cash flows	Page 117
	Notes to the financial statements	Pages 118-156

10. Further financial information on GVC and bwin

Section A – Annual audited accounts for bwin for the financial year ended 31 December 2015 and the independent auditor's report thereon are set out below;

Section B – Historical financial information for GVC for the three months ended 31 March 2016 and the accountants report thereon are set out below; and

Section C – Historical financial information for bwin for the three months ended 31 March 2016 and the accountant's report thereon are set out below.

11. Consent

Grant Thornton UK LLP has given and not withdrawn its written consent to the inclusion in this announcement of its accountant's report on the historical financial information for GVC for the three months ended 31 March 2016 and the references to it in the form and context in which they are included.

BDO LLP has given and not withdrawn its written consent to the inclusion in this announcement of its independent auditor's report on the annual audited accounts of bwin for the financial year ended 31 December 2015 and of its accountant's report on the historical financial information of bwin for the three months ended 31 March 2016 in the form and context in which they are included.

BDO Limited has given and not withdrawn its written consent to the inclusion in this announcement of its independent auditor's report on the annual audited accounts of bwin for the financial year ended 31 December 2015 in the form and context in which it is included.

Cenkos Securities plc has given and not withdrawn its written consent to the inclusion of the reference to its name in the form and context in which it is included in this announcement.

Enquiries

For further information:
GVC Holdings PLC

Kenneth Alexander, Chief Executive	Tel: +44 (0)1624 652 559
Richard Cooper, Group Finance Director	www.gvc-plc.com
Nicholas Batram, Head of IR & Corporate Strategy	
Cenkos Securities plc	Tel: +44 (0) 20 7397 8900
Mark Connelly, Jeremy Osler, Camilla Hume	

Media enquiries:

Bell Pottinger	Tel: +44 (0) 20 3772 2500
David Rydell, James Newman, Anna Legge, Laura Jaques	

IMPORTANT NOTICE:

The contents of this announcement have been prepared by and are the sole responsibility of the Company. The Company is not offering any ordinary shares or other securities in connection with the proposals described in this announcement. This announcement does not constitute or form part of, and should not be construed as, any offer for sale or subscription of, or solicitation of any offer to buy or subscribe for, any securities in the Company or securities in any other entity, in any jurisdiction, nor shall it, or any part of it, or the fact of its distribution, form the basis of, or be relied on in connection with, any contract or investment decision whatsoever, in any jurisdiction. This announcement does not constitute a recommendation regarding any securities.

This announcement may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "anticipates", "targets", "aims", "continues", "projects", "assumes", "expects", "intends", "may", "will", "would" or "should", or in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this announcement and include statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, the Group's result of operations, financial condition, prospects, growth strategies and the industries in which the Group operates. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements, including without limitation: conditions in the markets, market position, the Company's earnings, financial position, return on capital, anticipated investments and capital expenditures, changing business or other market conditions and general economic conditions. These and other factors could adversely affect the outcome and financial effects of the plans and events described herein. Forward-looking statements contained in this announcement based on past trends or activities should not be taken as a representation that such trends or activities will continue in the future.

Subject to the Company's regulatory obligations, including under the Listing Rules, the Disclosure Rules and Transparency Rules, the EU Market Abuse Regulation and the Financial Services and Markets Act 2000 ("FSMA"), neither the Company nor Cenkos Securities plc undertakes any obligation to update publicly or revise any forward-looking statement whether as a result of new information, future events or otherwise. None of the statements made in this announcement in any way obviates the requirements of the Company to comply with its regulatory obligations.

The contents of the Company's website do not form part of this announcement.

Cenkos Securities plc, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting for the Company and for no one else in connection with the Transfer and will not be responsible to any person other than the Company for providing the protections afforded to clients of Cenkos Securities plc, nor for providing advice in relation to the Transfer, the content of this announcement or any matter referred to in this announcement. Apart from the responsibilities and liabilities, if any, which may be imposed on Cenkos Securities plc by the FSMA or the regulatory regime established thereunder, neither Cenkos Securities plc nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Cenkos Securities plc in connection with this announcement, any statement contained herein or otherwise, nor makes any representation or warranty, express or implied, in relation to, the contents of this announcement, including its accuracy, completeness or verification or for any other statement purported to be made by Cenkos Securities plc, or on behalf of Cenkos Securities plc in connection with the Company or the Transfer. Cenkos Securities plc accordingly disclaims to the fullest extent permitted by law all and any responsibility or liability to any person who is not a client of Cenkos Securities plc, whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise have in respect of this announcement or any such statement.

SECTION A

Annual audited accounts for bwin for the financial year ended 31 December 2015

Chief Executive's review

Overview

Clean EBITDA increased by 7% year-on-year despite the imposition of VAT in certain EU Member States, a lower than expected sports margin and the UK point of consumption tax that was introduced on 1 December 2014. However, our progress on non-core asset disposals and other cost saving initiatives was significantly better than planned – excluding the impact of EU VAT and UK point of consumption tax, Clean EBITDA would have increased by 29%.

Total revenue declined by 6% to €576.4m (2014: €611.9m) primarily due to the absence of a major football championship, further declines in poker and the introduction of VAT on betting and gaming in a number of EU countries. Total revenue was also impacted by the sale of certain non-core assets during the year, but these sales had a positive impact on the Group's Clean EBITDA and cashflow.

Despite the absence of a major football tournament in 2015, betting volumes for both sports betting and casino were up year-on-year, although total revenues were down slightly due to a drop in gross win margin in both verticals.

The regulatory landscape for the online gaming industry has continued to evolve with a number of developments impacting performance in 2015. VAT on poker and casino games was imposed from the beginning of the year in certain EU countries and the full year impact of the POCT resulted in a €22.1m reduction in Clean EBITDA versus the prior year. During the year a license was secured in Ireland and new legislation was proposed in Portugal, the Czech Republic and Hungary. As a Group we embarked on the processes to secure the requisite approvals to offer our products in Bulgaria, Greece, and Romania, all of which remain pending.

The nature of our business means that the development of our technology and systems is a continuous process. However, we have made particularly significant strides forward in 2015. A complete overhaul of our user experience on mobile included the introduction of native gestures and controls, optimised usability as well as a raft of new features such as revamped scoreboards and improved content presentation. This is in addition to the roll-out of 80 new mobile casino games since December 2014 and the implementation of a range of new tools such as improved analytics, CRM and promotion engines. The full impact of all of these developments on our core gaming business will only be felt during 2016 but underpin our confidence in the outlook for the Group as part of an enlarged GVC.

Outside of our core gaming activities, Kalixa, our digital payments business benefited from the first full year's contribution from PXP that was acquired in May 2014 notwithstanding the decision to impair certain assets of PXP. Our B2B businesses and InterTrader also performed well during the year although the sale of WPT, Winners and the Group's social gaming activities masked the revenue growth.

As we look forward, we believe that there are several reasons to be optimistic about the Group's growth prospects. The full year benefit of the cost savings made during 2015 will provide a meaningful contribution to future year-on-year growth in Clean EBITDA as will the UEFA Euro Championship that begins in June of this year, and with the tournaments expansion to 24 teams it will be 65% larger than the same tournament in 2012.

2015 – Operational highlights

We achieved a number of operational goals in 2015: first, we completed the final key element of our technical integration with the coming together of each of our technology platforms in Italy, thereby releasing significant technology resources to be able to work on product enhancements across the Group. As a result, we continued to expand our presence in nationally regulated and/or taxed markets; we grew our mobile footprint; increased platform stability and achieved significant operational efficiencies with increased output at lower cost.

Nationally regulated and/or taxed markets

The proportion of the Group's total revenue coming from nationally regulated and/or taxed markets increased to 60% in 2015 versus 56% in 2014.

Mobile growth

2015 saw us implement a major overhaul of our users' experience through the mobile channel with the introduction of new native gestures and controls, optimised usability, new revamped scoreboards and improved content presentation with a card design approach. The impact can best be illustrated by examining each of the products in turn:

Sports betting – our latest mobile sports offer ('MS2') has now been rolled out to 90% of our existing customers, covering all of our key regulated markets. The result has been that the share of sports betting gross gaming revenue coming through mobile and touch devices has increased to 49% (2014: 32%) with total sports betting GGR through mobile and touch channels increasing by 42% to €118.6m (2014: €83.8m).

Casino & games – We added an additional 80 new mobile games to our casino & games offer during 2015. As a result, the share of casino gross gaming revenue coming through mobile and touch increased from 14% in 2014 to 23% in 2015.

Poker – While we have made good market relative progress in the year particularly in the UK market, poker continues to lag behind the other verticals in terms of the importance of mobile as a channel. Poker GGR through mobile represented 11% of the total in 2015, up from 6% the previous year.

Bingo – Foxy Bingo's mobile revenues have continued to grow strongly and having represented 21% of total bingo gross gaming revenue in 2014, the figure reached 36% in 2015 with total bingo GGR through mobile increasing by 76% to €42.2m in 2015 (2014: €24.0m).

Productivity and operational performance

We have continued to make good progress on evolving our technology platform and associated processes that together have delivered substantial operational improvements and significant financial savings. The completion of our Italian migration in April 2015 was a major milestone: we successfully moved 900,000 customer accounts from two labels (bwin and Gioco Digitale) and two different platforms onto our unified target platform without any platform downtime – a fact that bodes well for the forthcoming migration of the GVC sports brands to our target platform. By decommissioning redundant technologies and the supporting infrastructure we have achieved a marked increase in operational efficiency whilst reducing costs. This increased efficiency has allowed us to: integrate over 360 new games from eight different vendors; implement simultaneous game launches across multiple platforms; launch a slots product in Spain; reduce the number of serious incidents by approximately 57%. All in the context of a reduced technology-related cost base.

By focusing our marketing efforts on a few, key territories we have been able to grow our new player sign-ups in these markets (except in June and July that were down year-on-year due to the absence of a major football tournament) whilst reducing our overall marketing spend.

The introduction at the beginning of the year of our label-led business structure and internal reporting has removed duplication, increased transparency and accountability that have helped us to reduce costs significantly. Having originally set a target of €15m of savings in 2015, we actually reduced our expenses within Clean EBITDA by a total of €42.0m versus 2014. Of these savings, €18.1m were in administration expenses.

2015 – Other developments

Industry structure

Having reiterated our belief back in August 2014 that the online gaming industry was set to enter a period of consolidation, we announced on 17 July 2015 a recommended offer from 888 Holdings Plc ('888'), valuing the Group at approximately 104p per bwin.party share. However, having received a competing offer from GVC Holdings PLC ('GVC'), valuing the Group at approximately 130p per bwin.party share which came with several other attractive features, the Board switched its recommendation to the GVC offer on 4 September 2015. The transaction was approved by shareholders on 15 December 2015 and completion took place on 1 February 2016.

Sale of non-core businesses

Having committed to reduce losses and realise significant value from several non-core businesses in 2015 we successfully completed the sale of our interests in WPT, a land-based poker tournament and TV production business; Win, a social gaming business; our investment in Gaming Realms, a listed social gaming business; Winners, a retail betting franchise in Spain; and United Games, a social gaming developer. Total consideration from these and other non-core asset disposals made during the year was approximately €37.1m. The non-core businesses broke even in aggregate in 2015, a substantial improvement over the €11.8m Clean EBITDA loss in 2015. The remaining non-core assets include InterTrader, the CFD trading and spread betting business, Kalixa, our end-to-end digital payments business and our 50% interest in Conspo, a sports rights business.

Regulatory overview

Europe

There have been a number of developments at the European level over the past year. The European Commission's EU Digital Single Market policy – *tear down regulatory walls and finally move from 28 national markets to a "real" single market* – was published on 6 May 2015. During the year PWC published a study into the merits and benefits of enhanced administration cooperation between Member States[1]. The 4th Anti-Money Laundering Directive was adopted on 25 June 2015 with Member States needing to transpose the directive into national law by 26 June 2017. A revised data protection framework was finally agreed in late 2015 and is expected to come into force in early 2018. As announced in its 2012 Action Plan "Towards a comprehensive European framework for online gambling", the Commission is considering the merits of introducing standards for gambling equipment which is also covered in its work programme for European standardisation 2015.

On gambling specifically, a non-binding cooperation agreement was signed by EEA gambling regulators signifying a new era of cooperation. Moreover, future action against non-compliant Member States through infringement proceedings launched by the European Commission can be expected. The Commission's Pilot Letter to Germany (see below) was a key milestone in 2015 as was the opinion of the Advocate General in the German referral case C-336/14, Ince that was sent to the Court of Justice for the European Union ('CJEU'). The court's ruling was issued on 4 February 2016 and followed the Advocate General's opinion (see below).

The Swedish Government's reaction to being the first country to be referred to the CJEU was to initiate reform of its gambling framework. However, political turmoil has meant that a new framework is not expected to be in place until 2018 at the earliest.

Germany (28% of net revenue in 2015)

Despite 1 July 2015 having marked the third anniversary of the Amended Interstate Treaty on Gambling coming into force, no sports betting licences have been issued. Further, following a decision by the Higher Administrative Court of Hesse on 16 October 2015 that found that the licensing procedure as carried out was

1 http://ec.europa.eu/internal_market/gambling/docs/150220-executive-summary_en.pdf

unlawful, the regulatory process is in a state of disarray. The court also found that the Glücksspielkollegium, the body responsible for managing the licensing procedure, was not in line with the German constitution.

Whilst bwin.party was one of the 20 operators to be awarded a sports betting licence under the Amended Interstate Treaty, since the court ruling above, there has been extensive activity in the Länder specifically to determine how best to proceed. A working group of the Länder is preparing a report that will be presented to the Heads of the State Chancelleries at the end of February 2016.

The German Federal Supreme Court (Bundesgerichtshof) had scheduled the two parallel unfair competition cases on the prohibition of poker and casino as well as on the current regulation of sports betting to be heard (and potentially decided) on 12 November 2015 but in October adjourned the hearing to mid-2016.

At the end of June 2015, criticism to the Amended Interstate Treaty was added by the European Commission's Pilot Letter (the first step before initiating a formal infringement procedure). In its Pilot Letter, the European Commission heavily criticised the inconsistency of German legislation, the overly long duration of the licensing procedure and asked the German authorities to swiftly end the non-compliance of the German state monopoly with EU law.

On 4 February 2016, the CJEU yet again criticized the German licensing procedure in the referral case C-336/14, Ince and decided that the monopoly, which German courts have held to be in violation of EU law, continues to exist in fact, notwithstanding the adoption in theory of a licensing procedure for private operators. In such circumstances, the CJEU clearly states that EU law prohibits imposing sanctions against operators licensed in other Member States

United Kingdom (14% of net revenue in 2015)

The Group has been operating under the new regulatory regime since the end of 2014 and received its full licence in May 2015. Following the introduction of a so-called 'point of consumption tax' on 1 December 2014, a legal challenge in respect of the compliance of the new tax with EU law has resulted in the High Court referring the case to the CJEU. There is no indication as yet on when this case might be heard.

Italy (7% of net revenue in 2015)

A process to revise the existing regulatory framework for gaming, the so-called empowering act (legge delega), among other things, resulted in some restrictions on marketing but also a change to the way in which sports betting is taxed, moving from a tax on turnover to a tax on gross gaming revenue at the rate of 22%. Bingo and poker tournaments remain taxed at 20% of gross gaming revenue.

France (5% of net revenue in 2015)

According to ARJEL, the French regulator, online sports betting gross gaming revenues in France grew 9% in the third quarter of 2015 to €62m (Q3 2014: €57m) while poker continued to decline by 5% to €54m[2]. The continued declines in poker have prompted calls for a number of changes to the current regulatory regime by ARJEL, including opening up the French poker market to allow pooling with other European ring-fenced markets like Portugal, Spain or Italy and the introduction of measures to make it easier for ARJEL to block unlicensed operators from accessing French consumers. Whether such a change will be put into effect remains unclear.

Spain (5% of net revenue in 2015)

According to data from the Spanish regulator[3], in terms of gross gaming revenue the total online gaming market grew by 33% in the third quarter of 2015 versus the same period the previous year. This was driven by sports betting that grew by 46%. Casino grew by 113% while poker declined by 16% and bingo was down 12%. A new decree on advertising, responsible gambling and supervision was issued by the regulator last year for consultation. The industry is waiting to see the final version and analyse what impact, if any, it may have on the shape and trajectory of the Spanish market.

2 http://www.arjel.fr/-Communiques-de-presse-.html
3 https://www.ordenacionjuego.es/en/estudios-informes

Belgium (3% of net revenue in 2015)

bwin.party was one of seven operators approved to offer live dealer games in February 2015 by the Belgian authorities that are continuing to contest the basis of an infringement notice issued by the European Commission. What next steps might be taken on either side remains unclear.

Denmark (<1% of net revenue in 2015)

According to the latest figures from the Danish regulator[4], the market in Denmark is estimated to have grown by 17% in the third quarter of 2015. While sports betting grew by 13%, casino grew by 25% while poker was flat. Danske Spil, our local partner, remains the market leader.

As ever, there are a number of countries across the EU that are at various stages of transition in terms of their move to a regulatory framework for online gaming with several proposed regulations currently being considered. The exact details of such proposals and whether or not and when they can become law remains uncertain.

Impairment of intangible assets

The Group regularly monitors the carrying value of its intangible assets. A review was undertaken at 31 December 2015 to assess whether there were any factors that would give rise to concerns on the carrying value of intangible assets. As a result of the review, it was concluded that an impairment charge of €16.4m against goodwill was required in respect of the group's acquisition of PXP Solutions. This arises in large part due to the fact that the amount included on the balance sheet in respect of the acquisition included an assumption, based on the Board's best estimate at the time, that contingent consideration of €13.6m (based on exchange rates prevailing at 31 December 2015) would be payable. Ultimately this amount was reduced to €0.4m, with the expectation at 31 December 2014 of retaining the overall cashflow benefit identified at acquisition. The original contingent consideration estimate was based on the then anticipated ability of the group to switch processing volumes from a third party provider to Kalixa. The software development required to implement that change was postponed indefinitely during 2015 following an initial delay in 2014 due to issues arising with third party contractors. This resulted in the impairment being recorded in the current year. Impairment charges of €104.4m were recorded in the prior year principally in respect of intangible assets within poker and social gaming.

Dividend

As part of the Co-operation Agreement with GVC, the Board agreed that it would not recommend a further dividend for the year ended 31 December 2015 (2014: 1.92 pence per share).

Current trading

Average net daily revenue in the first two months of 2016 is up 1% versus the same period in the previous year. Average net daily revenue in January was up 3% on the same period last year whereas average net daily revenue in February was flat on the same period last year. Casino has been particularly strong with average net daily revenues up 11% on the same period last year. Poker continues to improve its trends and was down just 3% on the same period last year, despite the unfavourable macro trends in poker.

Norbert Teufelberger
Chief Executive Officer

4 https://spillemyndigheden.dk/en/news/data-gambling-market-q2-2015

SUMMARY OF RESULTS

Net revenue by product has been included in the table below to show the reconciliation of the results by label (which is an internal focus in particular) to the results by product.

Year ended 31 December 2015 €million	**bwin labels**	**Games labels**	**Studios**	**Non-core**	**Corporate functions**	**Removal of inter-segmental revenue**	**Total**
Sports	**217.2**	**3.4**	**–**	**–**	**–**	**–**	**220.6**
Casino	**113.4**	**78.2**	**–**	**–**	**–**	**–**	**191.6**
Poker	**17.9**	**43.7**	**–**	**–**	**–**	**–**	**61.6**
Bingo	**0.9**	**51.1**	**–**	**–**	**–**	**–**	**52.0**
Total net revenue	**349.4**	**176.4**	**–**	**–**	**–**	**–**	**525.8**
Other revenue (external)	**1.0**	**0.4**	**12.8**	**35.5**	**0.9**	**–**	**50.6**
Other revenue (internal)	**–**	**–**	**64.8**	**18.8**	**33.9**	**(117.5)**	**–**
Total revenue	**350.4**	**176.8**	**77.6**	**54.3**	**34.8**	**(117.5)**	**576.4**
Clean EBITDA	**95.9**	**43.6**	**(20.6)**	**(0.5)**	**(9.9)**	**–**	**108.5**

Year ended 31 December 2014 €million	**bwin labels**	**Games labels**	**Studios**	**Non-core**	**Corporate functions**	**Removal of inter-segmental revenue**	**Total**
Sports	228.6	4.9	–	–	–	–	233.5
Casino	107.7	91.6	–	–	–	–	199.3
Poker	22.5	56.2	–	–	–	–	78.7
Bingo	1.9	49.6	–	–	–	–	51.5
Total net revenue	360.7	202.3	–	–	–	–	563.0
Other revenue (external)	0.9	0.2	14.4	32.5	0.9	–	48.9
Other revenue (internal)	–	–	71.0	21.7	41.6	(134.3)	–
Total revenue	361.6	202.5	85.4	54.2	42.5	(134.3)	611.9
Clean EBITDA	73.8	63.2	(16.0)	(11.8)	(8.0)	–	101.2

Clean EBITDA increased by 7% versus the prior year despite the absence of a major football tournament, the imposition of VAT in certain EU Member States and the full year impact of the UK POCT. Excluding the impact of EU VAT and UK POCT, Clean EBITDA would have increased by 29%. However, solid growth through our mobile channel and excellent progress on the disposal of non-core assets and reducing our cost base was able to more than offset these headwinds.

bwin labels

Total revenue fell by 3% to €350.4m (2014: €361.6m) principally due to the absence of the FIFA World Cup that benefitted the prior year and the imposition of VAT in certain European countries that affected poker and casino revenues. However, due to reduced operating costs, Clean EBITDA rose by 30% to €95.9m (2014: €73.8m).

Games labels

Total revenue fell by 13% to €176.8m (2014: €202.5m) primarily due to a decline in the poker market, reduced VIP activity and the introduction of VAT on poker and casino in certain European markets. Clean EBITDA fell by 31% to €43.6m (2014: €63.2m) due to lower revenue and the impact of the POCT in the UK, partially offset by a significant reduction in operating costs.

Studios

Total revenue in Studios fell by 9% to €77.6m (2014: €85.4m) on the back of a reduction in revenues from internal customers (bwin and Games labels), together with a fall in external software services revenues as resources were switched away from external customers to internal customers. Significant cost reductions across each of our technology centres were able to reduce the impact on Clean EBITDA and Studios delivered a Clean EBITDA loss of €20.6m (2014: €16.0m).

Non-core

Despite the sale of a number of non-core businesses during the year, total non-core revenues remained flat at €54.3m (2014: €54.2m). The WPT performed particularly strongly in the first half thanks to a multi-territory licensing deal signed with Ourgame prior to its sale in June 2015 for €32.7m. Kalixa benefited from the first full year's contribution from PXP as well as the addition of a number of new contracts including Abercrombie & Fitch and Santander. InterTrader also continued to grow strongly, particularly through its' own licensed service, InterTrader Direct. InterTrader also won the 2015 Investment Trends award for Best Value for Money Broker.

The segment made a small EBITDA loss of €0.5m (2014: €11.8m), a substantial improvement over the previous year. The primary drivers of this improvement were the contribution from WPT referred to above, reduced operating losses in Win which was sold on 12 March 2015, and solid revenue growth at Kalixa and InterTrader. The sale of the Group's interest in Win, Winners and WPT meant that this segment included non-recurring revenue of €14.3m (2014: €18.6m) and Clean EBITDA of €2.0m (2014: loss of €7.9m) in 2015.

Corporate

The loss at corporate increased to €9.9m (2014: €8.0m) due to reduced charges made to other internal segments and foreign exchange movements.

Non Clean EBITDA items

Depreciation and amortisation reduced marginally versus the prior year as reduced amortisation charges were largely offset by increased depreciation charges within our Studios business.

Retroactive taxes related to the enactment of the emergency ordinance in Romania resulting in the charge of €8.9m for the year (2014: €nil). Partially mitigating this amount is a credit of €5.7m relating to changes in estimates applied when providing for gaming taxes in historical periods.

Fees associated with the acquisition of the Group by GVC, including costs related to the offer from 888 of €10.6m, primarily resulted in total merger and acquisition costs of €25.3m in the period (2014: €1.5m). In addition there was an acceleration of the vesting of share options arising from the acquisition, resulting in a higher share-based payments charge of €33.2m (2014: €9.8m).

This was more than offset by a much reduced impairment loss (the prior year figure included the write-off of all of the Group's non-US facing poker assets). The release of a fair value tax liability created on completion of the merger between bwin and PartyGaming in 2011 of €4.9m meant that the Group delivered a much reduced operating loss of €41.6m (2014: €97.9m) and reported a lower loss after tax of €44.4m (2014: €94.3m). Basic loss per ordinary share decreased by 53% to 5.3 € cents (2014: 11.3 € cents). Clean EPS increased by 58% to 7.6 € cents (2014: 4.8 € cents).

Consolidated B2C revenue

	2015	2014	
Year ended 31 December	**€million**	€million	*Change*
Gross revenue	**679.5**	717.2	*(5%)*
Bonuses and other fair value adjustments to revenue	**(153.7)**	(154.2)	*0%*
Net revenue	**525.8**	563.0	*(7%)*
Other revenue	**13.6**	11.4	*19%*
Total revenue	**539.4**	574.4	*(6%)*
% of total revenue from nationally regulated and/or taxed markets*	***57%***	*54%*	
Cost of sales^	**(81.5)**	(81.7)	*0%*
Gross profit	**457.9**	492.7	*(7%)*

^ Cost of sales excludes non Clean EBITDA cost of sales

Consolidated Key Performance Indicators

Year ended 31 December	**2015**	2014	*Change*
Active player days (million)	**44.3**	54.0	*(18%)*
Daily average players (000s)	**121.3**	147.9	*(18%)*
Yield per active player day (€)	**11.9**	10.4	*14%*
New player sign-ups (000s)	**719.1**	815.2	*(12%)*
Average daily net revenue (€000)	**1,440.5**	1,542.5	*(7%)*

Active player days fell by 18% primarily reflecting the absence of a major football tournament versus the prior year and further declines in poker. Yield per active player day increased by 14% with increases in all verticals except casino that saw a reduction in gross win margin due to a shift in games mix. New player sign-ups fell by 12% with sports betting down 22% due to the absence of the FIFA World Cup. However, new player sign-ups in casino and bingo grew strongly – up 27% and 28% respectively. The net impact of these movements, together with the imposition of VAT on certain online games in certain EU countries, was that average daily net revenue fell by 7% from €1,542,500 to €1,440,500. The following table provides a reconciliation of the movements between Clean EBITDA and operating loss:

Reconciliation of Clean EBITDA to operating loss

Year ended 31 December	**2015**	2014
Clean EBITDA	**108.5**	101.2
Exchange gains (losses)	**3.0**	(3.1)
Depreciation	**(31.0)**	(26.3)
Amortisation	**(42.0)**	(51.0)
Retroactive taxes and associated charges	**(8.9)**	–
Share-based payments and associated payroll taxes	**(33.2)**	(9.8)
Merger and acquisition expenses	**(25.3)**	(1.5)
Impairment losses	**(17.1)**	(104.4)
Adjustment to investment following dividend	**(1.4)**	–
Market exit costs	**–**	(5.4)
Adjustments to gaming taxes arising from changes in estimates	**5.7**	–
Contingent consideration adjustments	**–**	11.3
Profit on disposal of assets held-for-sale	**5.0**	–
Release of acquisition fair value tax liability	**4.9**	–
Reorganisation costs	**(9.8)**	(8.9)
Loss from operating activities	**(41.6)**	(97.9)

A detailed review of each of the individual products is set out below.

Sports betting

Year ended 31 December	2015 €million	2014 €million	*Change*
Total stakes	**2,708.5**	2,700.5	*0%*
Gross win margin	**9.0%**	9.7%	*(7%)*
Gross revenue	**244.3**	261.5	*(7%)*
Bonuses and other fair value adjustments to revenue	**(23.7)**	(28.1)	*16%*
Net revenue	**220.6**	233.4	*(5%)*
Other revenue	**5.0**	3.7	*35%*
Total revenue	**225.6**	237.1	*(5%)*
% of total revenue from nationally regulated and/or taxed markets*	***73%***	*70%*	
Cost of sales^	**(51.5)**	(56.3)	*9%*
Gross profit	**174.1**	180.8	*(4%)*

*Austria, Belgium, France, Denmark, Germany, Italy, Spain and UK
^ Cost of sales excludes non Clean EBITDA cost of sales

Sports betting – Key Performance Indicators

Year ended 31 December	2015	2014	*Change*
Active player days (million)	**27.5**	34.2	*(20%)*
Daily average players (000s)	**75.3**	93.7	*(20%)*
Yield per active player day (€)	**8.0**	6.8	*18%*
New player sign-ups (000s)	**416.6**	533.2	*(22%)*
Average daily net revenue (€000)	**604.4**	639.5	*(5%)*

Betting volumes marginally increased despite a 20% reduction in Active Player Days – the prior year having been boosted by the FIFA World Cup. Continued strong growth in mobile helped to bridge the gap and betting volumes on mobile were up by 25%, driving strong growth in mobile gross gaming revenue (see below). However a poor run of sporting results, particularly in the first half, meant that the total gross win margin fell by 0.7 percentage points to 9.0% (2014: 9.7%). The net effect was that gross revenue was down 7% and whilst bonus costs fell from 1.0% to 0.9% of amounts wagered, net revenue was down 5% to €220.6m (2014: €233.4m). Other revenue increased by 35% to €5.0m with the result that total revenue was down 5% at €225.6m (2014: €237.1m).

As noted above, we continued to enjoy strong growth through the mobile channel. Our MS2 mobile sports application is now available in all key markets and across our key sports betting labels and this helped to drive a 27% increase in gross gaming revenue through mobile and touch devices that reached €118.6m or 49% of total sports betting GGR (2014: 32%).

Casino & games

Year ended 31 December	**2015 €million**	2014 €million	*Change*
Total stakes	**7,194.8**	7,005.9	*3%*
Gross win margin	**3.4%**	3.5%	
Gross revenue	**242.9**	248.2	*(2%)*
Bonuses and other fair value adjustments to revenue	**(51.3)**	(48.8)	*(5%)*
Net revenue	**191.6**	199.4	*(4%)*
Other revenue	**5.3**	4.3	*23%*
Total revenue	**196.9**	203.7	*(3%)*
% of total revenue from nationally regulated and/or taxed markets*	***30%***	*27%*	
Cost of sales	**(14.0)**	(11.5)	*(22%)*
Gross profit	**182.9**	192.2	*(5%)*

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

Casino & Games – Key Performance Indicators

Year ended 31 December	**2015**	2014	*Change*
Active player days (million)	**7.2**	7.3	*(1%)*
Daily average players (000s)	**19.7**	20.0	*(2%)*
Yield per active player day (€)	**26.6**	27.3	*(3%)*
New player sign-ups (000s)	**55.9**	43.8	*28%*
Average daily net revenue (€000)	**524.9**	546.3	*(4%)*

Total stakes grew by 3% despite the lower level of player activity on sports with the knock-on impact on casino that continues to enjoy strong cross-sell rates from both sports and poker. During the year we made good progress on continuing to expand the games portfolio with the addition of over 225 new casino games of which 80 were on mobile. Mobile revenue once again enjoyed strong growth, driven by the addition of new third party games as well as our own Slider Blackjack and Slider Roulette games.

The small dip in overall gross win margin reflected lower VIP activity that contributed to a shift in the mix of games played. The imposition of VAT on certain online gambling games in certain EU countries from 1 January 2015 also impacted gross win margins with the result that gross gaming revenue fell by 2% to €242.9m (2014: €248.2m). Adjusting for the impact of VAT, net gaming revenue would have actually increased by 1% to €201.6m rather than declined by 4%.

Our marketing efforts continued into the second half with the result that new player sign-ups increased by 28% and in the nationally regulated and/or taxed markets they more than doubled, with a small associated increase in bonus costs. A 22% increase in cost of sales reflected the introduction of the point of consumption tax in the UK with effect from 1 December 2014 with the result that gross profit fell by 5% to €182.9m (2014: €192.2m).

Poker

Year ended 31 December	**2015 €million**	2014 €million	*Change*
Gross revenue	**76.4**	93.5	*(18%)*
Bonuses and other fair value adjustments to revenue	**(14.8)**	(14.8)	*–%*
Net revenue	**61.6**	78.7	*(22%)*
Other revenue	**3.0**	3.0	*–%*
Total revenue	**64.6**	81.7	*(21%)*
% of total revenue from nationally regulated and/or taxed markets*	***44%***	*44%*	
Cost of sales	**(6.9)**	(9.3)	*26%*
Gross profit	**57.7**	72.4	*(20%)*

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

Poker – Key Performance Indicators

Year ended 31 December	**2015**	2014	*Change*
Active player days (million)	**9.0**	12.0	*(25%)*
Daily average players (000s)	**24.7**	32.9	*(25%)*
Yield per active player day (€)	**6.8**	6.6	*3%*
New player sign-ups (000s)	**95.9**	120.6	*(20%)*
Average daily net revenue (€000)	**168.8**	215.6	*(22%)*

European poker continued to face a number of challenges with further market declines in the ring-fenced markets of Italy, France and Spain, each of which impacted poker activity. Revenue was also impacted by the imposition of VAT in certain EU countries since 1 January 2015.

Our focus on the UK market has begun to pay dividends and our partnership with Dusk Till Dawn is continuing to work well as evidenced by the fact that poker overall returned to year-on-year growth in the fourth quarter of 2015 with a particularly encouraging performance from partypoker.

Having launched multi-table and single table tournaments on mobile, the share of gross gaming revenue coming through this channel increased to 11% of poker gross gaming revenue (2014: 9%).

Bingo

Year ended 31 December	**2015 €million**	2014 €million	*Change*
Gross revenue	**115.9**	114.0	*2%*
Bonuses and other fair value adjustments to revenue	**(63.9)**	(62.5)	*(2%)*
Net revenue	**52.0**	51.5	*1%*
Other revenue	**0.3**	0.4	*(25%)*
Total revenue	**52.3**	51.9	*1%*
% of total revenue from nationally regulated and/or taxed markets*	***99%***	*98%*	
Cost of sales	**(9.1)**	(4.6)	*(98%)*
Gross profit	**43.2**	47.3	*(9%)*

* Italy, Spain and UK

Bingo – Key Performance Indicators

Year ended 31 December	**2015**	2014	*Change*
Active player days (million)	**4.8**	5.7	*(16%)*
Daily average players (000s)	**13.2**	15.6	*(15%)*
Yield per active player day (€)	**10.8**	9.0	*20%*
New player sign-ups (000s)	**150.7**	117.5	*28%*
Average daily net revenue (€000)	**142.5**	141.1	*1%*

The battle for market share in the UK remains as intense as ever and whilst total bonus costs increased slightly to 55.1% of gross revenue (2014: 54.8%), we increased total gross revenue by 2% and net revenue by 1%. The UK is driven by our Foxy Bingo and Cheeky Bingo brands that remain strong and UK net revenue grew by 8.5%, representing 92% of the total (2014: 85%). The popularity of online bingo in Italy continued to decline and our revenues there fell by 29% to €3.9m (2014: €5.5m). We remain the market leader in Italy. Our UK marketing campaigns sustained the growth in new player sign-ups that we saw in the first half for the balance of the year resulting in a 28% increase in new player sign-ups. While active player days fell by 16% this was more than made up for by an associated increase in average yield per active player day that grew by 20%, resulting in a 1% increase in average daily net revenue although both included the benefit of favourable movements in Sterling against the Euro.

Following further updates to the Foxy Bingo mobile app during the year the share of gross gaming revenue coming through mobile and touch increased to 36% (2014: 24%).

Other revenue

Other revenue increased to €50.6m (2014: €48.9m) with strong performances from B2B, Kalixa and Intertrader that grew revenue by 51%, 63% and 24% respectively. However, having sold our interests in WPT, social gaming, Winners and certain other non-core assets during the year, 2015 included non-recurring revenue of approximately €14.3m that will be absent in future periods. The absence of any major domain sales in the period and lower software services revenue, as these resources moved onto internal development work, also held back the year-on-year growth.

Cost of sales

Cost of sales reduced marginally to €90.0m (2014: €91.3m), with a 1% increase in gaming taxes that reached €80.9m (2014: €80.2m), principally due to the introduction of the POC tax in the UK, partially offset by lower taxes in other countries. Broadcasting costs fell due to the sale of WPT in June 2015. Other costs also fell as a result of the fall in commissions following the disposal of Winners in May 2015.

Included within total cost of sales but outside of Clean EBITDA is €8.9m of retroactive taxes that were levied on gaming operators that accepted online bets from players in Romania prior to receiving a national gaming licence. A joint complaint by the European Gaming and Betting Association, the Gibraltar Betting and Gaming Association and the Maltese Remote Gaming Council has been made to the European Commission in respect of the legislation that was enacted giving rise to these obligations. Conversely, there are credits of €5.7m applied to cost of sales outside of EBITDA relating to changes in estimates applied when providing for gaming taxes in historical periods.

Year ended 31 December	**2015 €million**	2014 €million	*Change*
Gaming taxes	**80.9**	80.2	*(1%)*
Broadcasting costs	**5.6**	6.4	*13%*
Other	**3.5**	4.7	*26%*
Clean EBITDA cost of sales	**90.0**	91.3	*1%*
Retroactive taxes and associated charges	**8.9**	–	*n/a*
Adjustments to gaming taxes arising from changes in estimates	**(5.7)**	–	*n/a*
Total cost of sales	**93.2**	91.3	*(2%)*

Other operating income

Other operating income of €12.9m (2014: €12.3m) includes €4.9m relating to the release of a fair value tax liability that was set-up at the time of the merger between bwin and PartyGaming and a profit of €5.0m recorded on the disposal of certain non-core investments. There were also foreign exchange gains of €3.0m in the year (2014: losses of €3.1m were included in other operating expenses). The figure for the prior year included €11.3m released from contingent consideration adjustments relating to changes in assumptions arising on the acquisition of PXP by Kalixa.

Other operating expenses

Advisory fees and related expenses of €25.3m (2014: €1.5m), most of which were associated with the acquisition by GVC and costs associated with the 888 bid, were the primary driver of an increase in other operating expenses to €25.5m (2014: €4.6m).

Distribution expenses

				As a percentage of total revenue	
Year ended 31 December	**2015 €million**	2014 €million	*Change fav/(adv)*	**2015 %**	2014 %
Customer acquisition and retention	**104.1**	122.7	*15%*	*18.1%*	*20.1%*
Affiliates	**23.8**	27.4	*13%*	*4.1%*	*4.5%*
Customer bad debts	**0.5**	2.3	*78%*	*0.1%*	*0.4%*
Third-party content	**27.8**	27.7	*(0%)*	*4.8%*	*4.5%*
Webhosting and technical services	**29.1**	29.1	*–%*	*5.0%*	*4.8%*
Clean EBITDA distribution expenses	**185.3**	209.2	*11%*	*32.1%*	*34.2%*
Reorganisation expenses	**0.3**	1.4	*79%*	*0.1%*	*0.2%*
Distribution expenses	**185.6**	210.6	*12%*	*32.2%*	*34.4%*

Customer acquisition and retention spend fell by 15% primarily due to the absence of a major football tournament this year and the major marketing effort in the prior year around the FIFA World Cup. It also reflected our continued focus on reducing the Group's cost base in New Jersey and the expiration of certain sponsorship contracts. Affiliate costs also continued to fall as we further reduced our reliance on this channel, as well as lower poker revenue that continues to derive a meaningful proportion of its revenue through the affiliate channel. Customer bad debts fell from 0.4% of revenue to 0.1% of revenue due to lower chargebacks. Third-party content costs increased slightly to 4.8% of revenue (2014: 4.5%) reflecting the addition of a substantial number of third-party games content to our casino offering.

Administrative expenses

				As a percentage of total revenue	
	2015	2014	*Change*	**2015**	2014
Year ended 31 December	**€million**	€million	*fav/(adv)*	*%*	*%*
Transaction fees	**27.7**	27.2	*(2%)*	*4.8%*	*4.4%*
Staff costs	**107.5**	109.9	*2%*	*18.7%*	*18.0%*
Outsourced services	**18.0**	24.4	*26%*	*3.1%*	*4.0%*
Other overheads	**39.9**	49.7	*20%*	*6.9%*	*8.1%*
Clean EBITDA administrative expenses	**193.1**	211.2	*9%*	*33.5%*	*34.5%*
Depreciation	**31.0**	26.3	*(18%)*	*5.4%*	*4.3%*
Amortisation	**42.0**	51.0	*18%*	*7.3%*	*8.3%*
Impairment losses	**17.1**	104.4	*84%*	*3.0%*	*17.1%*
Adjustment to investment following dividend	**1.4**	–	*n/a*	*0.2%*	–
Market exit costs	**–**	5.4	*100%*	–	*0.9%*
Reorganisation expenses	**8.8**	7.5	*(17%)*	*1.5%*	*1.2%*
Administrative expenses before share based payments	**293.4**	405.8	*28%*	*50.9%*	*66.3%*
Share-based payments and associated payroll taxes	**33.2**	9.8	*(239%)*	*5.8%*	*1.6%*
Administrative expenses	**326.6**	415.6	*21%*	*56.7%*	*67.9%*

Clean EBITDA administrative expenses fell by €18.1m or 9% to €193.1m (2014: €211.2m) despite unfavourable foreign exchange movements. Transaction fees increased as a percentage of revenue to 4.8% (2014: 4.4%) primarily due to the full year impact of additional third party processing volume at PXP. Staff costs fell by €2.4m as we benefited from the full year impact of the shift to a label-led structure that took place in 2014, partially offset by movements in foreign exchange, increased performance-based incentive costs and the full year impact of the PXP acquisition. Outsourced services fell by €6.4m with a significant contribution coming from our move to a single technology platform in both France and Italy as well as further productivity gains in our Studios business unit. Overheads were reduced by €9.8m primarily from reductions in travel, legal costs, rent and consulting services.

An increased level of capital expenditure in the Studios business that took place in 2014 fed through into a higher depreciation charge that increased by €4.7m in the period to 5.4% of total revenue while the amortisation charge, that is almost entirely due to acquired intangibles, continued to fall to 7.3% of total revenue (2014: 8.3%).

As noted above and in notes 5 and 10 to the financial information, there was a €16.4m impairment charge to the carrying value of PXP. The figure for the prior year included an impairment charge of €95.9m against the Group's non-US facing poker assets and a further €8.5m impairment against certain of the Group's non-core investments including those held for sale.

Increased reorganisation expenses of €8.8m (2014: €7.5m) reflect the remaining costs of the Group's shift to a label-led set-up and redundancies.

Taxation

The total tax charge for the period was €4.2m (2014: credit of €3.6m). The tax credit in the previous year was driven by a deferred tax credit related to the release of deferred tax provisions set up at the time of the merger between PartyGaming Plc and bwin interactive digital entertainment AG, as well as the acquisition of PXP in 2014, arising from the amortisation and impairments of short life intangible assets. The fall relative to the prior year is primarily due to the large impairment of intangibles made in 2014. The current tax charge was flat year on year at €9.8m (2014: €9.8m).

Net cash

As at 31 December	2015 €million	2014 €million
Cash and cash equivalents	**150.3**	162.9
Short-term investments	**16.1**	13.5
Loans and borrowings	**(56.5)**	(56.9)
Net cash	**109.9**	119.5
Payment service providers (less chargebacks)	**30.9**	31.2
Net cash including amounts held by processors	**140.8**	150.7
Less: Client liabilities and progressive prize pools	**(114.9)**	(116.1)
Net cash including amounts held by processors less client liabilities	**25.9**	34.6

Net cash (after deducting all customer liabilities but adding back net payment processor receivables) declined to €25.9m (31 December 2014: €34.6m) primarily due to increased merger and acquisition costs, capital expenditure and dividends.

Cashflow

Year ended 31 December	2015 €million	2014 €million
Clean EBITDA	**108.5**	101.2
Exchange gains (losses)	**3.0**	(3.1)
Retroactive taxes and associated charges	**(8.9)**	–
Market exit costs	**–**	(5.4)
Contingent consideration adjustments	**–**	11.3
Adjustments to gaming taxes arising from changes in estimates	**5.7**	–
Reorganisation costs	**(9.8)**	(8.9)
Income taxes paid	**(10.5)**	(8.8)
Movements in working capital	**21.1**	6.7
Other	**0.6**	1.3
Operating cashflows before M&A costs and cash settled options	**109.7**	94.3
Merger and acquisition expenses	**(25.3)**	(1.5)
Cash settled share-based payments	**(15.2)**	–
Net cash inflow from operating activities	**69.2**	92.8
Acquisition of subsidiaries and businesses	**(8.8)**	(25.0)
Purchases of intangible assets	**(19.4)**	(22.7)
Purchases of property, plant and equipment	**(38.3)**	(23.4)
Sale of non-core assets	**35.8**	–
Dividends paid	**(43.2)**	(37.8)
Net bank borrowings (repaid) drawn down	**(5.9)**	6.5
Other	**1.7**	(0.8)
Net cash outflow	**(8.9)**	(10.4)

Operating cashflow before merger and acquisition expenses and cash settled options increased by 16% to €109.7m despite retroactive taxes paid of €8.9m (2014: €nil) relating to Romania. The working capital movement increased by €14.4m over last year, primarily related to share options that were accelerated and settled in cash as a result of the acquisition by GVC. Ordinarily these options would have been settled by way of shares.

Merger and acquisition costs increased by €23.8m to €25.3m versus the prior year, almost entirely due to the sale of the Group. In combination with the cash settled share-based options referred to above, this contributed to a fall in the net cash flow from operating activities to €68.7m (2014: €92.8m).

In respect of investments, €8.8m was paid in settlement of the Amaury option that resulted in us increasing our shareholding in BES SAS to 100%. Conversely, we received €35.8m in respect of the sale of non-core assets during the period. These proceeds related primarily to the World Poker Tour.

Capital expenditure (including capitalised workforce costs) increased from €46.1m to €57.7m due to increased investment in our Studios business.

Dividends paid increased by 14% to €43.2m (2014: €37.8m) and this, coupled with a €5.9m reduction in bank borrowings and the other movements noted above, gave rise to an overall cash outflow of €9.4m (2014: outflow €10.4m).

Principal risks

There are a number of potential risks and uncertainties which could have a material impact on the Group's future performance 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 seek to manage them are set out below:

1. Technology

The Group's customer offer includes products operated using different labels and gaming licences, the majority of which are driven by the Group's proprietary technology.

2013 saw the completion of the dotcom player migration project and during 2014 our customer base in France was migrated successfully onto our target technology platform. The migration of our Italian customers to the target platform represented the last of our integration projects following the merger between PartyGaming Plc and bwin Interactive Digital Entertainment AG and was completed in March 2015.

The fact that with the exception of bingo, the vast majority of our customer base is already supported by our target platform, highlights how important our technology is to the Group. In an industry where service reliability and integrity are key differentiating factors, our continual commitment to providing a reliable, safe, secure, compliant and continuous service has been a key area of focus this year.

A Group-wide initiative on achieving close to 100% system availability was introduced and we have made significant progress in ensuring our customer facing systems are available for 24 hours a day, 7 days a week. This was monitored and overseen by the IT Committee.

Other technology-related risks, such as our continuing operations in the event of a natural or man-made disaster, have been addressed with a substantial investment and both the Group's disaster recovery and business continuity solutions have been updated and tested during the past 12 months.

With continuous shifts in how consumers choose and are able to access our services (via different devices and/or channels), the process of maintaining and improving our technology will become more complex. As mentioned elsewhere, a key area of focus in 2015 was to improve our customer experience through an expanded mobile offer across all products as well as high levels of availability.

2. Regulation

There are potential risks to the operations and financial position of the Group from all markets where regulation is not clearly defined or adopted, especially in relation to EU legislation and associated cases.

To manage this risk, the Group continues to engage (either directly or indirectly) with national governments and regulators on to-be regulated markets. The Group's Compliance and Regulatory Affairs team keeps abreast of the regulatory landscape and reports to the Audit & Risk Committee on any developments. However, most of the risks in relation to the regulatory landscape are outside of our direct control.

Operating in nationally regulated and/or taxed markets necessitates that we comply with the required rules and protocols. Currently, the Group holds licences for and offers real money gambling in 12 different territories, each with their own unique licence obligations. The need to sometimes develop bespoke technological, operational and promotional offers in each market requires significant investment. The Group is committed to meeting its licence obligations and monitors its compliance with regulatory requirements by performing reviews of its licenced operations on a periodic basis with the results reported to the Audit and Risk Committee. The Group's licenced entities are subject to a series of external audits by regulators and industry specialists to ensure that policies and procedures are being followed as intended.

3. Taxation

As outlined above the Group's strategic focus has been to concentrate operations in nationally regulated and/or taxed markets. 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.

Group companies operate only where they are incorporated, domiciled or registered. The multi-location setup of the Group gives rise to transfer pricing risk, mitigated by the fact that all intra-group transactions are documented and take place on commercial terms agreed with input from the Group's professional advisors.

The Head of Tax routinely holds workshops with senior management and business unit leaders during the course of the year.

On 1 January 2015, new VAT rules came into force across the EU impacting several areas of the digital economy. Gambling has typically been exempt from VAT but falls within the rules for VAT on electronically supplied services. Under EU law, Member States have the ability to apply VAT to gambling subject to certain limitations and conditions, and tax may be due depending on where customers are located and how Member States implement any exemption. Whilst substantial uncertainty remains, in light of the new rules the Group is now filing for, and paying VAT, in certain EU Member States. It is possible that VAT could be payable in other EU Member States.

4. 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 are designed with the aim of minimising the Group's exposure to the Eurozone economic risk and preserving our ability to operate if such events arise.

The functional currency of 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 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.

5. Transaction-related Risks

The Company announced the terms of a recommended offer from GVC Holdings PLC on 4 September 2015 and the transaction completed on 1 February 2016. As a result the Board was aware of several additional areas of risk that may affect the Group's financial performance. These risks relate primarily to the retention of key people, the ability to attract new talent, the need to continue to focus on day-to-day operational activities and the protection of company assets. Other risk factors may also become relevant now that control has passed to GVC Holdings PLC.

6. Impact of Brexit

On 23 June 2016, a referendum will be held to determine whether the United Kingdom remains in the European Union (EU). In the event that the decision is to leave the EU, in addition to a likely increase in the volatility of both the global currency and financial markets, this will reduce the Group's ability to operate on an unfettered basis in certain EU markets that have tried to restrict competition in their domestic market from online gaming companies based overseas. The Group, along with other EU based online gaming operators, have previously relied on the ability to challenge such protectionist measures through the EU Court of Justice ("CJEU"). In the event that the UK, and by extension Gibraltar (being a UK protectorate), was to leave the EU, unless the Group was to re-domicile certain of its subsidiaries within the EU, it would no longer be able to rely on such protection. Such a re-domiciliation could give rise to higher taxes payable.

Directors

The following persons were directors of the Company during the reporting period:

Norbert Teufelberger	
Martin Weigold	
Philip Yea	(resigned 1 February 2016)
Rod Perry	(resigned 21 May 2015)
Helmut Kern	(resigned 21 May 2015)
Georg Riedl	(resigned 29 January 2016)
Per Afrell	(resigned 29 January 2016)
Daniel Silvers	(resigned 9 November 2015)
Elizabeth Catchpole	(appointed 1 March 2015)
Sylvia Coleman	
Barry Gibson	(appointed 1 March 2015)

Statement of Directors' responsibilities

The directors are responsible for preparing financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the profit or loss for that year and which comply with the Gibraltar Companies Act 2014.

Under that law, the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with applicable law. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

By order of the Board of Directors

Martin Weigold
Chief Financial Officer

4 March 2016

Independent auditors' report to the member of bwin.party digital entertainment Limited

We have audited the financial statements of bwin.party digital entertainment Limited for the year ended 31 December 2015 which comprise the Consolidated statement of comprehensive income, the Consolidated and Company statement of financial position, the Consolidated and Company statements of changes in equity, the Consolidated and Company statements of cashflows and the related notes. These financial statements have been prepared under the accounting policies set out therein.

In line with our engagement letters this report, including the opinion, has been prepared for and only for the company's member as a body in accordance with Section 257 of the Gibraltar Companies Act 2014 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2015 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Gibraltar Companies Act 2014; and
- have been properly prepared in accordance with the Gibraltar Companies Act 2014.

Opinion on other matter prescribed by the Companies Act

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Gibraltar Companies Act 2014 requires us to report to you if, in our opinion:

- the company has not kept proper accounting records; or
- if information specified by law regarding directors' remuneration and other transactions is not disclosed; or
- we have not received all the information and explanations we require for our audit.

BDO LLP

Chartered Accountants
55 Baker Street
London W1U 7EU
United Kingdom

4 March 2016

Desiree McHard (Statutory Auditor)
For and on behalf of
BDO Limited

Registered Auditors
Regal House
PO Box 1200
Gibraltar

4 March 2016

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

BDO Limited, a Gibraltar limited company, is registered in Gibraltar with company number 52200.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

Year ended 31 December	Notes	2015 €million	2014 €million
Net revenue		**525.8**	563.0
Other revenue		**50.6**	48.9
Total revenue	2	**576.4**	611.9
Cost of sales		**(93.2)**	(91.3)
Gross profit		**483.2**	520.6
Other operating income	3	**12.9**	12.3
Other operating expense	4	**(25.5)**	(4.6)
Administrative expenses		**(326.6)**	(415.6)
Distribution expenses		**(185.6)**	(210.6)
Clean EBITDA		**108.5**	101.2
Exchange gains (losses)		**3.0**	(3.1)
Merger and acquisition costs	4	**(25.3)**	(1.5)
Amortisation	10	**(42.0)**	(51.0)
Depreciation	11	**(31.0)**	(26.3)
Profit on disposal of assets held-for-sale		**5.0**	–
Retroactive taxes and associated charges		**(8.9)**	–
Adjustments to gaming taxes arising from changes in estimates		**5.7**	–
Impairment losses	10,13,14	**(17.1)**	(104.4)
Adjustment to investment following dividend		**(1.4)**	–
Market exit costs	5	**–**	(5.4)
Contingent consideration adjustments	3	**–**	11.3
Release of acquisition fair value tax liability		**4.9**	–
Share-based payments and associated payroll taxes	30	**(33.2)**	(9.8)
Reorganisation costs	5	**(9.8)**	(8.9)
Loss from operating activities	5	**(41.6)**	(97.9)
Finance income	7	**1.8**	1.2
Finance expense	7	**(5.2)**	(3.6)
Dividends received	26	**5.3**	–
Share of (loss) profit of associates and joint ventures	14	**(0.5)**	2.4
Loss before tax		**(40.2)**	(97.9)
Tax (expense) credit	8	**(4.2)**	3.6
Loss for the year		**(44.4)**	(94.3)

Year ended 31 December	Notes	**2015 €million**	2014 €million
Other comprehensive (expense) income:			
Items that will or may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations, net of tax		**(3.9)**	10.9
Change in fair value of available-for-sale investments		**10.1**	(0.4)
Deferred tax arising		**(2.1)**	–
Total comprehensive expense for the year		**(40.3)**	(83.8)
Loss for the year attributable to:			
Equity holders of the parent		**(43.6)**	(92.1)
Non-controlling interests	29	**(0.8)**	(2.2)
		(44.4)	(94.3)
Total comprehensive expense for the year attributable to:			
Equity holders of the parent		**(39.5)**	(81.6)
Non-controlling interests	29	**(0.8)**	(2.2)
		(40.3)	(83.8)
Earnings per share attributable to the ordinary equity holders of the parent:			
Loss per share (€ cents)			
Basic	9	**(5.3)**	(11.3)
Diluted	9	**(5.3)**	(11.3)

Consolidated statement of financial position

	Notes	**As at 31 December 2015 €million**	As at 31 December 2014 €million
Non-current assets			
Intangible assets	10	**512.3**	545.1
Property, plant and equipment	11	**48.6**	55.9
Investments	14	**4.8**	11.0
Other receivables	15	**6.4**	10.6
Deferred tax	22	**2.0**	–
		574.1	622.6
Current assets			
Assets held for sale	13	**14.5**	27.5
Trade and other receivables	15	**100.3**	87.5
Short-term investments	16	**16.1**	13.5
Cash and cash equivalents	17	**150.3**	162.9
		281.2	291.4
Total assets		**855.3**	914.0
Current liabilities			
Trade and other payables	18	**(111.0)**	(82.6)
Income and gaming taxes payable		**(34.7)**	(41.4)
Client liabilities and progressive prize pools	19	**(114.9)**	(116.1)
Provisions	20	**(8.1)**	–
Loans and borrowings	21	**(6.8)**	(31.8)
Liabilities held for sale	13	**–**	(7.4)
		(275.5)	(279.3)
Non-current liabilities			
Trade and other payables	18	**(4.4)**	(17.4)
Loans and borrowings	21	**(49.7)**	(25.1)
Deferred tax	22	**(26.1)**	(27.2)
		(80.2)	(69.7)
Total liabilities		**(355.7)**	(349.0)
Total net assets		**499.6**	565.0

	Notes	**As at 31 December 2015 €million**	As at 31 December 2014 €million
Equity			
Share capital	25	**0.2**	0.1
Share premium account		**3.3**	3.0
Own shares	25	**(2.3)**	(2.1)
Capital contribution reserve		**24.1**	24.1
Capital redemption reserve		**0.0**	0.0
Available-for-sale reserve		**10.2**	2.2
Retained earnings		**1,040.3**	1,115.7
Other reserve		**(573.7)**	(573.7)
Currency reserve		**(1.2)**	2.7
Equity attributable to equity holders of the parent		**500.9**	572.0
Non-controlling interests	32	**(1.3)**	(7.0)
Total equity		**499.6**	565.0

The financial statements were approved by the board of directors and authorised for issue on 4 March 2016.

They were signed on its behalf by:

Martin Weigold
Director

Elizabeth Catchpole
Director

Consolidated statement of changes in equity

Year ended 31 December 2015	As at 1 January 2015 €million	Reserves transfer €million	Other issue of shares €million	Dividends paid €million	Purchase of shares €million	Total compre-hensive income for the year €million	Share-based payments €million	As at 31 December 2015 €million
Share capital	**0.1**	**–**	**0.1**	**–**	**(0.0)**	**–**	**–**	**0.2**
Share premium account	**3.0**	**–**	**0.3**	**–**	**–**	**–**	**–**	**3.3**
Own shares	**(2.1)**	**–**	**0.0**	**–**	**(0.2)**	**–**	**–**	**(2.3)**
Capital contribution reserve	**24.1**	**–**	**–**	**–**	**–**	**–**	**–**	**24.1**
Capital redemption reserve	**0.0**	**–**	**–**	**–**	**–**	**–**	**–**	**0.0**
Available-for-sale reserve	**2.2**	**–**	**–**	**–**	**–**	**8.0**	**–**	**10.2**
Retained earnings	**1,115.7**	**(6.5)**	**(0.1)**	**(43.2)**	**–**	**(43.6)**	**18.0**	**1,040.3**
Other reserve	**(573.7)**	**–**	**–**	**–**	**–**	**–**	**–**	**(573.7)**
Currency reserve	**2.7**	**–**	**–**	**–**	**–**	**(3.9)**	**–**	**(1.2)**
Total attributable to equity holders of parent	**572.0**	**(6.5)**	**0.3**	**(43.2)**	**(0.2)**	**(39.5)**	**18.0**	**500.9**
Non-controlling interests	**(7.0)**	**6.5**	**–**	**–**	**–**	**(0.8)**	**–**	**(1.3)**
Total equity	**565.0**	**–**	**0.3**	**(43.2)**	**(0.2)**	**(40.3)**	**18.0**	**499.6**

Year ended 31 December 2014	As at 1 January 2014 €million	Reserves transfers €million	Other issue of shares €million	Dividends paid €million	Purchase of shares €million	Total compre-hensive income for the year €million	Share-based payments €million	As at 31 December 2014 €million
Share capital	0.1	–	(0.0)	–	(0.0)	–	–	0.1
Share premium account	2.2	–	0.8	–	–	–	–	3.0
Own shares	(5.2)	–	3.3	–	(0.2)	–	–	(2.1)
Capital contribution reserve	24.1	–	–	–	–	–	–	24.1
Capital redemption reserve	0.0	–	–	–	0.0	–	–	0.0
Available-for-sale reserve	2.6	–	–	–	–	(0.4)	–	2.2
Retained earnings	1,240.5	–	(2.7)	(37.8)	(2.0)	(92.1)	9.8	1,115.7
Other reserve	(573.7)	–	–	–	–	–	–	(573.7)
Currency reserve	(8.2)	–	–	–	–	10.9	–	2.7
Total attributable to equity holders of parent	682.4	–	1.4	(37.8)	(2.2)	(81.6)	9.8	572.0
Non-controlling interests	(4.8)	–	–	–	–	(2.2)	–	(7.0)
Total equity	677.6	–	1.4	(37.8)	(2.2)	(83.8)	9.8	565.0

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 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 is the change in fair value arising on financial assets classified as available for sale.

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

The other reserve of €573.7m 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 (see note 32).

CONSOLIDATED STATEMENT OF CASHFLOWS

Year ended 31 December	**2015 €million**	2014 €million
Loss for the year	**(44.4)**	(94.3)
Adjustments for:		
Depreciation of property, plant and equipment	**31.0**	26.3
Amortisation of intangibles	**42.0**	51.0
Impairment of goodwill	**16.4**	19.7
Impairment of acquired and other intangible assets	**–**	76.2
Impairment of available-for-sale investments	**0.7**	3.2
Adjustment to investment following dividend	**1.4**	–
Impairment of assets held for sale	**–**	5.3
Share of (loss) profit of associates and joint ventures	**0.5**	(2.4)
Profit arising on disposal of assets held-for-sale	**(5.0)**	–
Release of acquisition fair value tax liability	**(4.9)**	–
Interest expense	**5.2**	3.6
Interest income	**(1.8)**	(1.2)
Dividend income	**(5.3)**	–
Increase in reserves due to share-based payments	**18.0**	9.8
Loss on sale of property, plant and equipment	**0.6**	1.3
Income tax expense	**4.2**	(3.6)
Operating cashflows before movements in working capital and provisions	**58.6**	94.9
(Increase) decrease in trade and other receivables	**(4.4)**	36.4
Increase (decrease) in trade and other payables	**28.8**	(29.7)
Decrease in provisions	**(3.3)**	–
Cash generated from operations		
Cash generated from operations	**79.7**	101.6
Income taxes paid	**(10.5)**	(8.8)
Net cash inflow from operating activities	**69.2**	92.8
Investing activities		
Acquisition of subsidiaries and businesses – net of cash acquired	**–**	(25.0)
Purchases of intangible assets	**(19.4)**	(22.7)
Purchases of property, plant and equipment	**(38.3)**	(23.4)
Sale of property, plant and equipment	**0.9**	1.4
Purchase of investments	**(0.3)**	(0.8)
Issue of loan to joint venture	**(0.9)**	(1.0)
Distribution received from associate	**0.5**	–
Repayment of loan from joint venture	**–**	2.0
Sale of available-for-sale investments	**4.4**	–
Sale of intangibles	**0.2**	–
Sale of assets held-for-sale net of cash disposed of	**31.4**	–
Interest received	**1.8**	1.2
Dividends received	**4.5**	–
Increase in short-term investments	**(2.6)**	(0.7)
Net cash used by investing activities	**(17.8)**	(69.0)
Financing activities		
Issue of ordinary shares	**0.4**	0.8
Purchase of own shares	**(0.2)**	(2.2)
Dividends paid	**(43.2)**	(37.8)
Repayment of bank borrowings	**(20.7)**	(31.2)
New bank borrowings	**14.8**	37.7
Acquisition of subsidiaries – deferred payment	**(8.8)**	–
Interest paid	**(2.6)**	(1.5)
Net cash used in financing activities	**(60.3)**	(34.2)
Net decrease in cash and cash equivalents	**(8.9)**	(10.4)
Exchange differences	**(5.2)**	1.5
Cash and cash equivalents at beginning of the year	**164.4**	173.3
Cash and cash equivalents at end of the year	**150.3**	164.4

Cash and cash equivalents

Included within cash and cash equivalents is €nil (2014: €1.5m) held within assets held for sale. Cash and cash equivalents balances also include €44.9m (2014: €35.6m) related to cash held in segregated accounts in certain regulated markets.

Notes to the audited consolidated financial information

1. Accounting policies

Basis of preparation

The Group and parent financial statements have been prepared in accordance with those International Financial Reporting Standards including International Accounting Standards (IASs) and interpretations, (collectively 'IFRS'), published by the International Accounting Standards Board ('IASB') which have been adopted by the European Commission and endorsed for use in the EU for the purposes of the Group's full year financial statements.

The Company was listed on the London Stock Exchange but, following its acquisition by GVC Holdings Plc on 1 February 2016, the Company was re-registered as a private company. The consolidated and Company financial statements complies with the Gibraltar Companies Act 2014. The financial statements are presented in euros and rounded to the nearest €0.1m.

Statutory accounts for the year ended 31 December 2015 will be filed with Companies House Gibraltar following the Company's Annual General Meeting.

Adoption of new and revised Standards and Interpretations

There were no new Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that were effective for the first time in the current financial year and had an impact on the Group.

The following relevant standards and interpretations were issued by the IASB or the IFRIC before the year end but are as yet not effective for the 2015 year end. The Group is currently assessing the impact these will have on its consolidated results and financial position:

IFRS 9	Financial Instruments (effective date 1 January 2018)*
IFRS 15	Revenue Recognition (effective date 1 January 2018)*
IFRS 16	Leases (effective date 1 January 2019)*

* Not yet endorsed by the EU.

The Group is currently assessing the impact, if any, that these standards will have on the presentation of, and recognition in its consolidated results in future periods.

Basis of accounting

The consolidated and company financial statements have been prepared under the historical cost convention other than for the valuation of certain financial instruments which are held at their fair value.

Critical accounting policies, estimates and judgements

The preparation of financial statements under IFRS requires the Group to make estimates and judgements that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Included in this note are accounting policies which cover areas that the Directors consider require estimates, judgements and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year. These policies, together with references to the related notes to the financial statements, can be found as follows:

Revenue recognition	note 1
Intangible assets and impairment of goodwill	note 10
Regulatory compliance, litigation, provisions and contingent liabilities	note 24
Tax including deferred tax	note 8 and 22

Basis of consolidation

Under section 288(2) of the Gibraltar Companies Act 2014, the Company is exempt from the requirement to present its own statement of comprehensive income.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Accounting for the Company's acquisition of the controlling interest in bwin.party holdings Limited (formerly PartyGaming Holdings Limited)

The Company's controlling interest in its directly held, wholly-owned subsidiary, bwin.party Holdings Limited (formerly PartyGaming Holdings Limited), was acquired through a transaction under common control, using a form of accounting that is similar to pooling of interests.

Accounting for subsidiaries

A subsidiary is an entity controlled directly or indirectly by the Company. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

On the date of acquisition the assets and liabilities of the relevant subsidiaries are measured at their fair values. The non-controlling interest is stated at the non-controlling interest's proportion of the fair values of the assets and liabilities recognised.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination except where any non-controlling interests have been acquired by the Group. At this point any share of gains or losses are transferred to the Group's retained earnings. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Investments in subsidiaries held by the Company are carried at cost less any impairment in value.

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in the income statement as incurred. The acquiree's identifiable assets and liabilities are recognised at their fair values at the acquisition date.

The interest of the non-controlling shareholders in the acquiree may initially be measured either at fair value or at the non-controlling shareholders' proportion of the net fair value of the identifiable assets acquired, liabilities and contingent liabilities assumed. The choice of measurement basis is made on an acquisition-by-acquisition basis.

Investments

Investments include investments in associates, joint ventures and available for sale investments.

Available for sale investments

Non-derivative financial assets classified as available-for-sale comprise the Group's strategic investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. They are carried at fair value with changes in fair value recognised directly in equity except where a fair value cannot be reliably determined whereby they are carried at cost. In accordance with IAS 39, a significant or prolonged decline in the fair value of an available-for-sale financial asset is recognised in the consolidated statement of comprehensive income.

Purchases and sales of available-for-sale financial assets are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the available for sale reserve. On sale, the amount held in the available-for-sale reserve associated with that asset is removed from equity and recognised in the consolidated statement of comprehensive income.

Investments in associates

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

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

Investments in joint ventures

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

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

Intangible assets

Identifiable intangible assets are recognised when the Group controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Group and the cost of the asset can be reliably measured.

Goodwill

Goodwill is measured as the excess of the sum of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the Group's previously held equity interest in the acquiree, if any, over the net amounts of identifiable assets acquired in the subsidiary, associate or jointly controlled entity and liabilities assumed at the acquisition date.

For acquisitions where the agreement date is on or after 31 March 2004, goodwill is not amortised and is reviewed for impairment at least annually. Any impairment is recognised immediately in the consolidated statement of comprehensive income and is not subsequently reversed. Goodwill arising on earlier acquisitions was being amortised over its estimated useful life of 20 years. In accordance with the transitional provisions of *IFRS 3 Business Combinations*, the unamortised balance of goodwill at 31 December 2004 was frozen and reviewed for impairment and will be reviewed for impairment at least annually.

Externally acquired intangible assets
Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual or legal rights. Identifiable assets are recognised at their fair value at the acquisition date. The identified intangibles are amortised over the useful economic life of the assets.

Internally generated intangible assets – research and development expenditure
Expenditure incurred on development activities, including the Group's software development, is capitalised only where the expenditure will lead to new or substantially improved products or processes resulting in future economic benefits flowing to the Group, the products or processes are technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, labour and an appropriate proportion of overheads. All other development expenditure is expensed as incurred.

Subsequent expenditure on capitalised intangible assets is capitalised only where it clearly increases the economic benefits to be derived from the asset to which it relates. All other expenditure, including that incurred in order to maintain the related intangible asset's current level of performance, is expensed as incurred.

Licence costs
Expenditure incurred in order to obtain gaming licences is capitalised and amortised over the life over the licence.

Amortisation of intangible assets
Amortisation is provided to write-off the cost of all intangible assets, with the exception of goodwill, over the periods the Group expects to benefit from their use, and varies between:

Brand and domain names	– 5% to 20% per annum
Capitalised development expenditure	– 20% to 33% per annum
Contractual relationships	– over the length of the contract
Customer lists and contracts	– 5% to 50% per annum
Intellectual property and gaming licences	– over the length of the licence
Software	– 20% to 33% per annum

Impairment of goodwill, other intangibles and property, plant and equipment
At the end of each reporting year, an impairment review of goodwill is completed. In addition, the Group reviews the carrying amounts of its other intangibles and property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cashflows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cashflows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cashflows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. Impairments related to goodwill are not reversed.

Property, plant and equipment

All property, plant and equipment are stated at cost, less accumulated depreciation, with the exception of freehold land and buildings which are stated at cost and are not depreciated.

Assets in the course of construction are carried at cost, less any recognised impairment loss. Cost includes directly attributable costs incurred in bringing the assets to working condition for their intended use, including professional fees. Depreciation commences when the assets are ready for their intended use.

Depreciation is provided to write-off the cost, less estimated residual values, of all property, plant and equipment with the exception of freehold land and buildings, evenly over their expected useful lives. It is calculated at the following rates:

Leasehold improvements	– over length of lease
Plant, machinery, computer equipment	– 33% per annum
Fixtures, fittings, tools and equipment, vehicles	– 20% per annum

Where an item of property, plant or equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

Segment information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. Each segment's operating results are regularly reviewed by the Group to make decisions about resources to be allocated to the segment and assess its performance. The method for determining what information to report is based on the way management organises the operating segments within the Group for decision-making purposes and for the assessment of financial performance. The Group reviews financial statements presented by business segments which are supplemented by some information about geographic regions for the purposes of making operating decisions and assessing financial performance. Therefore, the Group has determined that it is appropriate to report according to business segment.

Revenue

Revenue from online gaming, comprising sports betting, casino & games, poker, bingo, and network services (third-party entities that use the Group's platform and certain services), is recognised in the accounting periods in which the gaming transactions occur.

Revenue is measured at the fair value of the consideration received or receivable. Net revenue consists of net gaming revenue and revenue generated from foreign exchange commissions on customer deposits and withdrawals and account fees.

Sports betting, casino & games and bingo net gaming revenue represents net house win adjusted for the fair market value of gains and losses on open betting positions, certain promotional bonuses and the value of loyalty points accrued. Poker net gaming revenue represents the commission charged or tournament entry fees where the player has concluded his or her participation in the tournament less certain promotional bonuses and the value of loyalty points accrued. Revenue generated from foreign exchange commissions on customer deposits and withdrawals and account fees is allocated to each reporting segment.

Other revenue consists primarily of revenue from network services, third-party payment services, sale of domain names, financial markets, software services and fees from broadcasting, hosting and subscriptions. Revenue in respect of network service arrangements where the third-party owns the relationship with the customer is the net commission invoiced.

Interest income is recognised on an accruals basis.

Cost of sales
Cost of sales consists primarily of betting and gaming taxes and broadcasting costs.

Broadcasting costs are expensed over the applicable lifecycle of each programme based upon the ratio of the current year's revenue to the estimated remaining total revenues.

Clean EBITDA
Clean EBITDA is the Group's measure of reporting performance and is 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 and associated payroll taxes. Exceptional items are those items the Group considers to be non-recurring or material in nature that may distort an understanding of financial performance or impair comparability.

Foreign currency
Transactions entered into by group entities in a currency other than the currency of the primary economic environment in which they operate (their 'functional currency') are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the

end of the reporting year. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the consolidated statement of comprehensive income.

On consolidation, the results of overseas operations are translated into Euros at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the end of the reporting year. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised directly in equity (the 'currency reserve').

Exchange differences recognised in the statement of comprehensive income of group entities' separate financial statements on the translation of long-term monetary items forming part of the group's net investment in the overseas operation concerned are reclassified to the currency reserve on consolidation.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of comprehensive income as part of the profit or loss on disposal.

The financial statements were translated into Euros at the following rates:

	31-Dec-15	**Average 2015**	31-Dec-14	Average 2014
British Pound (GBP)	**1.3586**	**1.3816**	1.2870	1.2437
Bulgarian Lev (BGN)	**0.5097**	**0.5112**	0.5109	0.5111
Indian Rupees (INR)	**0.0139**	**0.0141**	0.0131	0.0124
Israeli Shekel (ILS)	**0.2362**	**0.2332**	0.2116	0.2108
Swedish Kronas (SEK)	**0.1090**	**0.1071**	0.1058	0.1100
Ukraine Hryvnia (UAH)	**0.0383**	**0.0414**	0.0522	0.0656
US Dollar (USD)	**0.9203**	**0.9062**	0.8257	0.7582

Taxation
Income tax expense represents the sum of the Directors' best estimate of taxation exposures and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using rates that have been enacted or substantively enacted by the end of the reporting year.

Deferred tax
Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences other than where *IAS 12 Income Taxes* contains specific exemptions.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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

Share-based payments
The Group has applied the requirements of *IFRS 2 Share-based Payments*. The Group issues equity settled share-based payments to certain employees.

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period and based, for those share options which contain only non-market vesting conditions, on the Group's estimate of the shares that will eventually vest. Fair value is measured by use of a suitable option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

For cash-settled share-based payment transactions, the goods or services received and the liability incurred are measured at the fair value of the liability. Up to the point at which the liability is settled, the fair value of the liability is re-measured at each reporting date and at the date of settlement, with changes being recorded in the consolidated statement of comprehensive income. The Group records the expense based on the fair value of the share-based payments on a straight-line basis over the vesting period.

Where equity instruments of the parent company or a subsidiary are transferred, or cash payments based on the Company's (or a subsidiary's) share price are made, by shareholder(s) or entities that are effectively controlled by one or more shareholder(s), the transaction is accounted for as a share-based payment, unless the transfer or payment is clearly for a purpose other than payment for goods or services supplied to the Group.

Own shares

Own shares relate to shares gifted to the Employee Trust by the Company. The cash cost of own shares creates an own share reserve.

When options issued by the Employee Trust are exercised the own share reserve is reduced and a gain or loss is recognised in reserves based on proceeds less weighted-average cost of shares initially purchased now exercised.

The cost of own shares repurchased in cash as part of the share buy-back programme is debited to reserves. The shares are cancelled at nominal value with a corresponding entry taken to the capital redemption reserve.

Provisions and contingent liabilities

The Group recognises a provision in the consolidated statement of financial position when it has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Where the Group has a possible obligation as a result of a past event that may, but probably will not, result in an outflow of economic benefits, no provision is made. Disclosures are made of the contingent liability including, where practicable, an estimate of the financial effect, uncertainties relating to the amount or timing of outflow of resources, and the possibility of any reimbursement.

Where time value is material, the amount of the related provision is calculated by discounting the cashflows at a pre-tax rate that reflects market assessments of the time value of money and any risks specific to the liability.

Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the consolidated statement of comprehensive income.

Rentals payable under operating leases are charged directly to the consolidated statement of comprehensive income on a straight-line basis over the term of the relevant lease.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Financial assets

The Group's financial assets which are financial instruments are categorised as loans and receivables, available-for-sale financial assets and those measured at fair value through profit & loss.

These include restricted cash and unrestricted bank deposits with maturities of more than three months. Amounts held as security deposits are considered to be restricted cash. There are no financial assets that are classified as 'held to maturity'. A category for 'in the money' derivative financial instruments is included in respect of foreign exchange contracts entered into by the Group.

Non-derivative financial assets classified as available-for-sale comprise the Group's strategic investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. They are carried at fair value with changes in fair value recognised directly in equity except where a fair value cannot be reliably determined whereby they are carried at cost. In accordance with IAS 39, a significant or prolonged decline in the fair value of an available-for-sale financial asset is recognised in the consolidated statement of comprehensive income.

Purchases and sales of available-for-sale financial assets are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the available for sale reserve. On sale, the amount held in the available-for-sale reserve associated with that asset is removed from equity and recognised in the consolidated statement of comprehensive income.

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

Trade and other receivables represent short-term monetary assets which are recognised at fair value less impairment and other related provisions, which are recognised when there is objective evidence (primarily default or significant delay in payment) that the Group will be unable to collect all of the amounts due. The amount of such a provision is the difference between the net carrying amount and the present value of the future expected cashflows associated with the impaired receivable.

Cash comprises cash in hand and balances with financial institutions. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash. They include unrestricted short-term bank deposits originally purchased with maturities of three months or less.

Financial liabilities

The Group's financial liabilities are measured at amortised cost or fair value through profit and loss. Financial liabilities include the following items:

> Client liabilities, including amounts due to progressive prize pools.

> Trade payables and other short-term monetary liabilities which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method, which ensures that interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position.

> Loans and borrowings, comprising bank borrowings and overdrafts, which are initially recognised at fair value, net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently valued at amortised cost using the effective interest rate method. Interest expense in this context includes initial transaction costs, as well as any interest or coupon payable while the liability is outstanding.

> Contingent consideration is initially recognised at fair value and subsequently, for acquisitions completed under IFRS 3 (2008) at amortised cost and for IFRS 3 (revised) at fair value through profit and loss.

Share capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares are classified as equity instruments.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the Directors. In the case of final dividends, this is when approved by the shareholders at the Annual General Meeting.

2. Segment information

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

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

In order to improve operational performance the Group re-structured its operations. Following this restructure a review was undertaken of the need to change the Group's reporting of results to the Chief Operating Decision Makers ('CODMs') which has had a consequential effect on the reporting of segmental information under IFRS 8. Accordingly, since 1 January 2015 the Group's operations are segmented into the following reporting segments:

- **bwin labels**;
- **Games labels**;
- **Studios** – the Group's technology provided through arms-length B2B agreements with both internal and external customers;
- **Non-core** – includes Kalixa, as well as InterTrader and some smaller, non-core assets as well as assets disposed of in the year (World Poker Tour, Win (social gaming) and Winners); and
- **Corporate** – includes shared and corporate functions such as finance, legal and HR which are performed by the corporate centre and the costs associated with being a listed business.

Under the previous basis of segmental reporting, direct costs were allocated directly to each segment, and the remaining central costs were allocated *pro rata* to gross profit. Under the new basis only directly attributable costs sit in each business unit with a re-charge across business units where services are provided to another unit.

The new basis also aims to reflect more appropriately the fact that Studios now runs a fully-integrated and scaleable technology platform offering full gaming services and generating revenue from both internal and external customers. The segmental analysis below also shows the prior year comparative on the new segmental basis of reporting in order to aid comparability.

Year ended 31 December 2015	bwin labels €million	Games led labels €million	Studios €million	Non-core* €million	Corporate Services €million	Removal of inter-segmental revenue €million	Total €million
Net revenue	**349.4**	**176.4**	**–**	**–**	**–**	**–**	**525.8**
Other revenue (external)	**1.0**	**0.4**	**12.8**	**35.5**	**0.9**	**–**	**50.6**
Other revenue (internal)	**–**	**–**	**64.8**	**18.8**	**33.9**	**(117.5)**	**–**
Total revenue	**350.4**	**176.8**	**77.6**	**54.3**	**34.8**	**(117.5)**	**576.4**
Clean EBITDA	**95.9**	**43.6**	**(20.6)**	**(0.5)**	**(9.9)**	**–**	**108.5**

Year ended 31 December 2015	bwin labels €million	Games led labels €million	Studios €million	Non-core* €million	Corporate Services €million	Removal of inter-segmental revenue €million	Total €million
Net revenue	360.7	202.3	–	–	–	–	563.0
Other revenue (external)	0.9	0.2	14.4	32.5	0.9	–	48.9
Other revenue (internal)	–	–	71.0	21.7	41.6	(134.3)	–
Total revenue	361.6	202.5	85.4	54.2	42.5	(134.3)	611.9
Clean EBITDA	73.8	63.2	(16.0)	(11.8)	(8.0)	–	101.2

* Segment includes €14.3m of revenue (2014: €18.6m) and €2.0m of Clean EBITDA (2014: loss of €7.9m) relating to assets disposed of during the period.

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

Year ended 31 December	**2015 €million**	2014 €million
Germany	**144.4**	151.9
United Kingdom	**83.2**	69.7
Other	**348.8**	390.3
Total revenue	**576.4**	611.9

3. Other operating income

Year ended 31 December	**2015 €million**	2014 €million
Release of acquisition fair value tax liability	**4.9**	–
Contingent consideration adjustments	**–**	11.3
Profit on disposal of assets held-for-sale	**5.0**	–
Exchange gains	**3.0**	–
Other	**–**	1.0
Total income	**12.9**	12.3

The release of the acquisition fair value provision related to the difference between the carrying value and the settlement value of certain tax liabilities which were created at the time of the Merger. The profit on sale of assets held-for sale relates to the sale of non-core assets within note 13. The deferred consideration adjustments in 2014 relate to changes in assumptions arising on the PXP acquisition.

4. Other operating expenses

Year ended 31 December	**2015 €million**	2014 €million
Merger and acquisition costs – successful	**25.3**	1.5
Merger and acquisition costs – unsuccessful	**0.2**	–
Exchange losses	**–**	3.1
Total expense	**25.5**	4.6

5. Loss from operating activities

Year ended 31 December	**2015** **€million**	2014 €million
This has been arrived at after charging (crediting):		
Amortisation of intangibles	**42.0**	51.0
Depreciation on property, plant and equipment	**31.0**	26.3
Loss on disposal of fixed assets	**0.6**	1.0
Exchange (gains) losses	**(3.0)**	3.1
Reorganisation expenses	**9.8**	8.9
Chargebacks on trade receivables (bad debts)	**3.3**	6.4
Impairment losses	**17.1**	104.4
Adjustment to investment following dividend	**1.4**	–
Market exit costs	**–**	5.4
Retroactive taxes and associated charges	**8.9**	–
Adjustments to gaming taxes arising from changes in estimates	**(5.7)**	–
Auditors' remuneration – audit services	**1.5**	1.4
Auditors' remuneration – audit related services	**0.1**	0.1
Auditors' remuneration – transaction services	**1.5**	0.1
Merger and acquisition costs	**25.5**	1.5

Reorganisation expenses reflect the remaining costs of the Group's shift to a label-led set-up and redundancies.

Market exit costs related to expenses incurred on the Group's exit from the Argentinean market and certain committed expenditure on markets where the Group withdrew its marketing focus.

Retroactive taxes relate to the enactment of the emergency ordinance in Romania.

Adjustments to gaming taxes arising from changes in estimates relate to changes in estimates applied when providing for gaming taxes in historical periods.

Merger and acquisition costs primarily relate to fees associated with the acquisition of the Group by GVC, including costs related to the offer from 888 of €10.6m.

6. Staff costs

Year ended 31 December	**2015** **€million**	2014 €million
Aggregate remuneration including Directors comprised:		
Wages and salaries	**107.5**	106.3
Share-based payments and associated taxes	**33.2**	9.8
Employer social insurance contribution	**14.3**	15.5
Other benefits	**4.2**	4.9
Total staff costs	**159.2**	136.5
Staff costs capitalised in respect of internally generated intangible assets	**(9.6)**	(10.7)
Net staff costs	**149.6**	125.8

The increased share-based payments charge resulted from an acceleration of the vesting of share options during the year following the shareholder vote approving the acquisition of the Company by GVC. Directors emoluments are as disclosed in the table below:

Year ended 31 December	2015 €million	2014 €million
Wages and salaries	**2.9**	2.7
Share-based payments	**7.6**	1.5
Termination costs	**3.3**	–
Total directors remuneration	**13.8**	4.2

Year ended 31 December	2015	2014
Average number of employees		
Directors	**10**	11
Administration	**187**	207
Customer service	**462**	501
Others	**1,436**	1,834
	2,095	2,553

7. Finance income and expense

Year ended 31 December	2015 €million	2014 €million
Interest income	**1.8**	1.2
Finance income	**1.8**	1.2
Interest expense	**(2.6)**	(2.6)
Unwinding of discount on current and non-current liabilities	**(2.6)**	(1.0)
Finance expense	**(5.2)**	(3.6)
Net finance expense	**(3.4)**	(2.4)

8. Tax

Analysis of tax charge

Year ended 31 December	2015 €million	2014 €million
Current tax expense for the year	**9.8**	9.8
Deferred tax credit for the year	**(5.6)**	(13.4)
Tax expense (credit)	**4.2**	(3.6)

The effective tax rate for the year based on the associated tax expense is 10.5% (2014: tax rate of 3.7%).

The total expense for the year can be reconciled to accounting loss as follows:

Year ended 31 December	**2015** **€million**	2014 €million
Loss before tax	**(40.2)**	(97.9)
Tax rate in Gibraltar of 10% (2014: 10%)	**(4.0)**	(9.8)
Effect of differential tax rates in other jurisdictions	**1.9**	(0.6)
Effect of non-taxable income	**(1.5)**	(1.2)
Effect of other expenses not allowed for tax purposes	**7.8**	8.0
Total tax expense (credit) for the year	**4.2**	(3.6)

The expenses not allowed for tax purposes are primarily share-based payments, depreciation, amortisation and impairment of assets. The effect of non-taxable income primarily represents the release of the acquisition fair value tax liability, dividend income and the profit on the sale of assets held for sale while in 2014 it represented the IFRS required adjustments to deferred consideration.

Factors affecting the tax charge for the year
The Group's policy is to manage, control and operate Group companies only in the countries in which they are registered. At the year 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 levels and mix of profitability in different jurisdictions.

Future tax charges will be reduced by a deferred tax credit in respect of amortisation of certain acquired intangibles and partially offset by potential tax charges related to the sale of the investment in Visa Europe Limited (see note 14).

9. Earnings per Share ('EPS')

Year ended 31 December	**2015** **€cents**	2014 €cents
Basic EPS	**(5.3)**	(11.3)
Diluted EPS *	**(5.3)**	(11.3)
Basic Clean EPS	**7.6**	4.8
Diluted Clean EPS	**7.5**	4.7

* 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 year, excluding those held as own shares.

Year ended 31 December	**2015**	2014
Basic EPS		
Basic loss (€million)	**(43.6)**	(92.1)
Weighted average number of ordinary shares (million)	**824.9**	817.8
Basic loss per ordinary share (€ cents)	**(5.3)**	(11.3)
Basic Clean EPS		
Adjusted earnings (€million)	**61.1**	39.5
Weighted average number of ordinary shares (million)	**824.9**	817.8
Adjusted earnings per ordinary share (€ cents)	**7.6**	4.8

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. Clean net earnings excluding amortisation on acquired intangibles and impairments attributable to equity shareholders is derived as below.

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.

Year ended 31 December	**2015 Total €million**	2014 Total €million
Loss for the purposes of basic and diluted earnings per share being loss attributable to equity holders of the parent	**(43.6)**	(92.1)
Reorganisation expenses	**9.8**	8.9
Merger and acquisition costs – successful	**25.3**	1.5
Exchange (gains) losses	**(3.0)**	3.1
Share-based payments and associated payroll taxes	**33.2**	9.8
Release of fair value provision	**(4.9)**	–
Contingent consideration adjustments	**–**	(11.3)
Retroactive taxes and associated charges	**8.9**	–
Adjustments to gaming taxes arising from changes in estimates	**(5.7)**	–
Market exit costs	**–**	5.4
Amortisation on acquired intangible assets	**28.3**	40.0
– Tax thereon	**(4.0)**	(5.1)
Impairments on acquired intangible assets and goodwill	**16.4**	79.1
– Tax thereon	**–**	(8.3)
Impairments on available-for-sale investments and joint ventures	**0.7**	3.2
Adjustment to investment following dividend	**1.4**	–
Impairments on assets held for sale	**–**	5.3
Clean net earnings	**62.5**	39.5

Year ended 31 December	**2015 Total €million**	2014 Number €million
Weighted average number of shares		
Number of shares in issue as at 1 January	**823.2**	817.7
Number of shares in issue as at 1 January held by the Employee Trust	**(1.4)**	(2.8)
Weighted average number of shares issued during the year	**3.1**	4.2
Weighted average number of shares purchased during the year	**–**	(1.3)
Weighted average number of ordinary shares for the purposes of basic earnings per share	**824.9**	817.8
Effect of potential dilutive unvested share options and contingently issuable shares	**12.1**	16.3
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**837.0**	834.1

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.

10. Intangible assets

	Goodwill €million	Acquired intangibles €million	Other intangibles €million	Total €million
Cost or valuation				
As at 1 January 2014	725.7	753.6	54.2	1,533.5
Acquired through business combinations	22.0	18.0	–	40.0
Additions	–	–	22.7	22.7
Disposals	–	–	(1.4)	(1.4)
Reclassified as assets held for sale	(8.4)	(13.9)	(7.7)	(30.0)
Exchange movements	7.6	3.6	0.2	11.4
As at 31 December 2014	**746.9**	**761.3**	**68.0**	**1,576.2**
Additions	**–**	**–**	**19.4**	**19.4**
Disposals	**–**	**–**	**(0.2)**	**(0.2)**
Exchange movements	**5.9**	**4.1**	**0.2**	**10.2**
As at 31 December 2015	**752.8**	**765.4**	**87.4**	**1,605.6**
Amortisation and impairments				
As at 1 January 2014	460.7	422.2	24.5	907.4
Charge for the year	–	40.0	11.0	51.0
Impairment	19.7	59.4	16.8	95.9
Disposals	–	–	(1.4)	(1.4)
Reclassified as assets held for sale	(7.8)	(9.9)	(7.5)	(25.2)
Exchange movements	1.0	2.2	0.2	3.4
As at 31 December 2014	**473.6**	**513.9**	**43.6**	**1,031.1**
Charge for the year	**–**	**28.0**	**14.0**	**42.0**
Impairment	**16.4**	**–**	**–**	**16.4**
Exchange movements	**0.1**	**3.0**	**0.7**	**3.8**
As at 31 December 2015	**490.1**	**544.9**	**58.3**	**1,093.3**
Carrying amounts				
As at 1 January 2014	265.0	331.4	29.7	626.1
As at 31 December 2014	273.3	247.4	24.4	545.1
As at 31 December 2015	**262.7**	**220.5**	**29.1**	**512.3**

Acquired intangible assets are those intangible assets purchased as part of an acquisition and primarily include customer lists, brands, software and broadcast libraries. The value of acquired intangibles is based on cashflow projections at the time of acquisition. The fair value of 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. Amortisation charges are charged through administration costs on the income statement.

Goodwill

Goodwill is allocated to the following cash generating units (CGUs):

As at 31 December	**2015 €million**	2014 €million
bwin labels	**193.5**	190.1
Games labels	**61.1**	60.0
PXP	**8.1**	23.2
At end of year	**262.7**	273.3

Impairment

In accordance with IAS 36, the Group regularly monitors the carrying value of its intangible assets. A detailed review was undertaken at 31 December 2015 to assess whether the carrying value of assets was supported by the net present value of future cashflows derived from those assets. The recoverable amounts of all the above CGUs have been determined from value in use calculations based on cash flow projections from formally approved budgets and long-range forecasts. These budgets and forecasts assume the underlying business models will continue to operate on a comparable basis under the current regulatory and taxation regimes, adjusted for any known changes. The key assumptions including discount rate, operating margin and terminal growth rates are based on past experience, long-term growth expectations and the directors best estimates.

bwin labels

The recoverable amount of the bwin labels CGU of €941.5m has been determined from value in use calculations based on cashflow projections covering the following ten year period. The Group believes that going beyond five years' cashflows in the value in use calculations is appropriate given the Group is an established business and is a market leader in a growth industry.

The Directors have concluded that there are no reasonably possible changes in the key assumptions which would cause the carrying value of goodwill and other intangibles to exceed their value in use. The major assumptions used for the bwin labels CGU are as follows:

	Key assumptions used in the projections		
bwin labels	Discount rate	Operating margin	Terminal growth Rate
Key assumptions used in the projections	**9.4%**	**30.8%**	**1.0%**

Games labels

The recoverable amount of the Games labels CGU of €303.8m has been determined from value in use calculations based on cashflow projections covering the following ten year period. The Group believes that going beyond five years' cashflows in the value in use calculations is appropriate given the Group is an established business and is a market leader in a growth industry.

The Directors have concluded that there are no reasonably possible changes in the key assumptions which would cause the carrying value of goodwill and other intangibles to exceed their value in use. The major assumptions used for the Games labels CGU are as follows:

	Key assumptions used in the projections		
Games labels	Discount rate	Operating margin	Terminal growth Rate
Key assumptions used in the projections	**9.4%**	**21.9%**	**1.0%**

PXP

The PXP CGU which was acquired in 2014 forms part of the non-core segment. The recoverable amount of this CGU of €21.8m can be individually identified and has been determined from value in use calculations based on cashflow projections of the PXP business and synergies brought to all of the Group's operations. The cashflow projections have been made over a 5-year period.

The table below shows what the effect of changes in the key assumptions would have on the recoverable amount.

	Key assumptions used in the projections	
Other – PXP	Discount rate	Terminal growth Rate
Key assumptions used in the projections	**15.2%**	**2.0%**
Effect of 1% increase in assumption	**(€1.6m)**	**€1.2m**
Effect of 1% decrease in assumption	**€2.0m**	**(€1.0m)**

A review was undertaken at 31 December 2015 to assess whether there were any factors that would give rise to concerns on the carrying value of intangible assets. As a result of the review, it was concluded that an impairment charge of €16.4m against goodwill was required in respect of the group's acquisition of PXP Solutions. This arises in large part due to the fact that the goodwill included on the balance sheet in respect of the acquisition included an assumption, based on the Board's best estimate at the time, that contingent consideration of €13.6m (based on exchange rates prevailing at 31 December 2015) would be payable.

Ultimately this amount was reduced to €0.4m, with the expectation at 31 December 2014 of retaining the overall cashflow benefit identified at acquisition. The original contingent consideration estimate was based on the then anticipated ability of the group to switch processing volumes from a third party provider to Kalixa. The software development required to implement that change was postponed indefinitely during 2015 following an initial delay in 2014 due to issues arising with third party contractors. This resulted in the impairment being recorded in the current year.

11. Property, plant and equipment

Cost or valuation	Land and buildings €million	Plant, machinery and vehicles €million	Fixtures, fittings, tools and equipment €million	Total €million
As at 1 January 2014	18.2	5.4	128.0	151.6
Acquired through business combinations	–	–	0.2	0.2
Additions	0.2	0.5	49.3	50.0
Disposals	(3.3)	(1.9)	(32.6)	(37.8)
Exchange movements	0.8	0.6	7.9	9.3
Reclassified as assets held for sale	(3.2)	(1.1)	(5.2)	(9.5)
As at 31 December 2014	**12.7**	**3.5**	**147.6**	**163.8**
Additions	**0.2**	**0.3**	**22.7**	**23.2**
Disposals	**(1.1)**	**(0.4)**	**(16.0)**	**(17.5)**
Exchange movements	**0.5**	**0.2**	**7.2**	**7.9**
As at 31 December 2015	**12.3**	**3.6**	**161.5**	**177.4**

	Land and buildings €million	Plant, machinery and vehicles €million	Fixtures, fittings, tools and equipment €million	Total €million
Depreciation				
As at 1 January 2014	6.1	4.5	104.2	114.8
Charge for the year	1.6	0.9	23.8	26.3
Disposals	(1.7)	(1.9)	(31.5)	(35.1)
Exchange movements	0.3	0.3	6.0	6.6
Reclassified as assets held for sale	(0.9)	(0.5)	(3.3)	(4.7)
As at 31 December 2014	**5.4**	**3.3**	**99.2**	**107.9**
Charge for the year	**2.0**	**0.7**	**28.3**	**31.0**
Disposals	**(0.4)**	**(0.6)**	**(15.9)**	**(16.9)**
Exchange movements	**0.3**	**0.2**	**6.3**	**6.8**
As at 31 December 2015	**7.3**	**3.6**	**117.9**	**128.8**
Carrying amounts				
As at 1 January 2014	12.1	0.9	23.8	36.8
As at 31 December 2014	7.3	0.2	48.4	55.9
As at 31 December 2015	**5.0**	**–**	**43.6**	**48.6**

12. Commitments for capital expenditure

As at 31 December	**2015 €million**	2014 €million
Contracted but not provided for	**1.1**	4.0

13. Assets and liabilities held for sale

The Group has classified certain of its non-core assets as held for sale. This includes the Group's investment in the Conspo Sportcontent Gmbh joint venture and its investment in Visa Europe Limited. This investment was previously carried as an available for sale asset and has been reclassified to assets held for sale following the announcement in 2015 that this asset will be acquired by Visa Inc as part of its acquisition of Visa Europe Limited. This acquisition is expected to complete within the third quarter of 2016.

The carrying value of the Conspo investment represents the lower of cost and the current fair value. The carrying value of the Visa Europe Limited investment, which was previously classified as available for sale, is recorded at fair value. The assets and liabilities held for sale are disclosed in the table below.

	Assets held-for-sale €million	Liabilities held-for-sale €million	Total €million
As at 1 January 2014	–	–	–
Reclassified as held-for-sale	32.8	(7.4)	25.4
Impairment of assets held-for sale	(5.3)	–	(5.3)
As at a 31 December 2014	**27.5**	**(7.4)**	**20.1**
Disposals	**(23.6)**	**7.4**	**(16.2)**
Reclassified as held-for-sale	**10.6**	**–**	**10.6**
As at 31 December 2015	**14.5**	**–**	**14.5**

14. Investments

	Associates €million	Joint ventures €million	Available-for-sale financial assets €million	Total €million
As at 1 January 2014	1.9	3.6	10.6	16.1
Additions including loans advanced	–	1.4	0.4	1.8
Repayment of loan	–	(2.0)	–	(2.0)
Share of profit	0.3	2.1	–	2.4
Unrealised loss transferred to equity	–	–	(0.4)	(0.4)
Impairments	–	(1.0)	(2.2)	(3.2)
Transfer to assets held-for-sale	(0.1)	(3.9)	–	(4.0)
Foreign exchange	–	–	0.3	0.3
As at 31 December 2014	**2.1**	**0.2**	**8.7**	**11.0**
Additions including loans advanced	**–**	**0.9**	**0.3**	**1.2**
Disposals	**–**	**–**	**(3.5)**	**(3.5)**
Distribution of profits	**(1.2)**	**–**	**–**	**(1.2)**
Share of profit (losses)	**0.1**	**(0.6)**	**–**	**(0.5)**
Unrealised gain transferred to equity	**–**	**–**	**10.1**	**10.1**
Adjustment to investment following dividend	**–**	**–**	**(1.4)**	**(1.4)**
Transfer to assets held for sale	**–**	**–**	**(10.6)**	**(10.6)**
Foreign exchange	**–**	**0.2**	**0.2**	**0.4**
Impairments	**–**	**(0.7)**	**–**	**(0.7)**
As at 31 December 2015	**1.0**	**(0.0)**	**3.8**	**4.8**

Investment in associate
The following entity meets the definition of an associate and has been equity accounted in the consolidated financial statements.

Name	**Country of incorporation**	Proportion of voting rights held at 31 December **2015**	2014
bwin e.k.	Germany	50%	50%

Aggregated amounts relating to associate are as follows:

	2015 €million	2014 €million
Non-current assets	**0.1**	0.2
Current assets	**2.1**	4.6
Current liabilities	**0.8**	2.6
Revenues	**3.1**	3.0
Profit	**0.5**	0.6

There is no unrecognised share of losses arising during the year. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment.

Investment in joint ventures

The following entities met the definition of a joint venture and have been equity accounted in the consolidated financial statements:

Name	Country of incorporation	Proportion of voting rights held at 31 December 2015	2014
Circulo Payment Limited	United Kingdom	50%	50%
Nordeus Win (Gibraltar) Limited	Gibraltar	–	50%

The group's investment in Nordeus Win (Gibraltar) Limited was liquidated in the year. Aggregated amounts relating to joint ventures are as follows:

	2015 €million	2014 €million
Non-current assets	**1.4**	2.0
Current assets	**0.3**	16.4
Total liabilities	**0.7**	10.4
Revenues	**–**	37.6
(Loss) profit	**(1.2)**	4.4

There is no unrecognised share of losses arising during the year.

Circulo Payment Limited was a venture launched with Millicom International Cellular S.A., to develop a payment service provider to operate in Africa and Latin America. A decision has been taken with the joint venture partner to wind up this entity and, accordingly, the investment has been impaired in 2015.

Available-for-sale investments

The value of overall investments fell by €4.9m (2014: €1.8m), principally as a result of the sale of the Group's investment in Gaming Realms through the NewGame Capital LLP fund. Other movements include a dividend of €2.3m from Axon which resulted in an adjustment of €1.4m to the carrying value of the fund.

The carrying value of the investment in Visa Europe Limited which was previously not capable of reliable measurement and carried at cost was revalued during the period to €10.6m. As a result of the proposed acquisition of Visa Europe Limited by Visa Inc this asset was subsequently transferred to assets held for sale (see note 13).

15. Trade and other receivables

	Group		Company	
	As at 31 December 2015 €million	As at 31 December 2014 €million	**As at 31 December 2015 €million**	As at 31 December 2014 €million
Payment service providers	**32.4**	32.4	**–**	–
Less: chargeback provision	**(1.5)**	(1.2)	**–**	–
Payment service providers – net	**30.9**	31.2	**–**	–
Prepayments	**15.0**	17.2	**0.2**	0.3
Contingent consideration	**6.0**	–	**–**	–
Derivative financial assets	**1.2**	1.9	**–**	–
Other receivables	**47.2**	37.2	**0.1**	–
Due from Group companies	**–**	–	**2.1**	1.3
Current assets	**100.3**	87.5	**2.4**	1.6
Contingent consideration	**6.4**	10.6	**–**	–
Non-current assets	**6.4**	10.6	**–**	–

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.

Deferred and contingent consideration relates to amounts receivable for the sale of Ongame and domain names. The non-discounted book values for these amounts are €6.5 m (2014: €nil) due within one year and €7.0 m (2014: €12.4m) due later than one year but not later than five years.

Provisions are expected to be settled within the next year and 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. Movements on the provision are as follows:

	€million
As at 1 January 2014	1.3
Charged to consolidated statement of comprehensive income	6.4
Credited to consolidated statement of comprehensive income	(6.5)
As at 31 December 2014	**1.2**
Charged to consolidated statement of comprehensive income	**3.3**
Credited to consolidated statement of comprehensive income	**(3.0)**
As at 31 December 2015	**1.5**

16. Short-term investments

As at 31 December	**2015 €million**	2014 €million
Restricted cash	**16.1**	13.5
	16.1	13.5

Restricted cash represents cash held as guarantees for regulated markets' licences and significant marketing contracts together with client funds held for payment service provider transactions. In addition, at 31 December 2015 there are other guarantees in place that are not secured with cash of €16.7m (2014: €26.8m).

17. Cash and cash equivalents

As at 31 December	Group 2015 €million	Group 2014 €million	Company 2015 €million	Company 2014 €million
Total cash in hand and current accounts	**150.3**	164.4	**0.2**	0.2
Cash held within assets held for sale	**–**	(1.5)	**–**	–
Cash in hand and current accounts	**150.3**	162.9	**0.2**	0.2

18. Trade and other payables

	Group As at 31 December 2015 €million	Group As at 31 December 2014 €million	Company As at 31 December 2015 €million	Company As at 31 December 2014 €million
Contingent consideration	**0.8**	0.2	**0.5**	–
Other payables	**110.2**	82.4	**20.6**	0.7
Due to Group companies	**–**	–	**206.**8	143.7
Current liabilities	**111.0**	82.6	**227.9**	144.4
Contingent consideration	**4.4**	4.5	**4.3**	–
Other payables	**–**	12.9	**–**	–
Later than one year but not later than five years	**4.4**	17.4	**4.3**	–
Non-current liabilities	**4.4**	17.4	**4.3**	–

Contingent consideration relates to amounts payable for the acquisitions of WPT and PXP. The contingent consideration related to WPT was transferred to the Company from another Group entity during 2015 following the sale of WPT (see note 27) as this liability was not included as part of the sale.

Other payables comprise amounts outstanding for trade purchases and other ongoing 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 non-discounted book values for these amounts are as follows:

	Contingent consideration As at 31 December 2015 €million	Contingent consideration As at 31 December 2014 €million	Other payables As at 31 December 2015 €million	Other payables As at 31 December 2014 €million
Within one year	**1.0**	0.2	**110.5**	83.3
Later than one year but not later than five years	**5.0**	5.6	**–**	14.1
	6.0	5.8	**110.5**	97.4

Included within contingent consideration is €5.5m (2014: €nil) which also relates to the company. Of this €0.5m falls due within one year whilst the remainder is due later than one year but not later than five years.

19. Client liabilities and progressive prize pools

	As at 31 December 2015 €million	As at 31 December 2014 €million
Client liabilities	**106.3**	106.9
Progressive prize pools	**8.6**	9.2
	114.9	116.1

Client liabilities and progressive prize pools represent amounts due to customers including net deposits received, undrawn winnings, progressive jackpots and tournament prize pools and certain promotional bonuses. The carrying amount of client liabilities and progressive prize pools approximates to their fair value which is based on the net present value of expected future cashflows.

20. Provisions

	Total €million
As at 1 January 2014	–
Charged to consolidated statement of comprehensive income	**11.4**
Utilised during the year	**(3.3)**
As at 31 December 2015	**8.1**

Onerous contracts relate to provisions made against the future costs of contracts where the future economic benefits received by the Group are less than the costs involved with fulfilling the remaining terms and conditions of the contracts and are recognised at the Directors' best estimate based on their knowledge of the markets of the countries involved. The provision arose as a result of the disposal of WPT as per note 27.

The amounts due for provisions are recognised based on the above and carried at the best estimate of the provision. Due to the short-term nature of the provisions which are expected to be settled with 12 months, no discounting has been applied.

21. Loans and borrowings

As at 31 December	**2015 €million**	2014 €million
Secured bank loan	**6.8**	31.8
Current liabilities	**6.8**	31.8
Secured bank loan	**49.7**	25.1
Later than one year but not later than five years	**49.7**	25.1
Non-current liabilities	**49.7**	25.1

Bank borrowings are recognised at fair value and subsequently carried at amortised cost based on their internal rates of return. The effective interest rate applied was 4.8% (2014: 5.3%). There are no material differences between book and fair values.

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

As at 31 December 2015	**Amount**	**Nominal rate**	**Year of maturity of facility**	**Security**
The Royal Bank of Scotland plc	£30 million and €16 million	3 months LIBOR plus 3.00%	2018	Floating charge over the assets of various of the Group's subsidiary undertakings
As at 31 December 2014				
The Royal Bank of Scotland plc	£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	£20 million	1 month's 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 31 December	**2015 €million**	2014 €million
Within one year	**8.7**	34.3
Later than one year and not later than five years	**52.6**	26.6
	61.3	60.9

The £30 million and €16 million outstanding to The Royal Bank of Scotland plc as at 31 December 2015 were drawdowns of part of a £75 million multi-currency facility. On completion of the acquisition of the Group in 2016 (see note 33), these facilities along with any accrued interest were repaid in their entirety and cancelled.

22. Deferred tax

	€million
As at 1 January 2014	36.9
Acquired through business combinations	3.5
Exchange differences	0.2
Credited to consolidated statement of comprehensive income	(5.1)
Credited on impairment of intangible fixed assets	(8.3)
As at 31 December 2014	**27.2**
Exchange differences	**0.4**
Credited to consolidated statement of comprehensive income	**(5.6)**
Charged to other comprehensive income	**2.1**
As at 31 December 2015	**24.1**

Deferred tax of €24.1m (2014: €27.2m) consists of €26.1m (2014: €27.2m) deferred tax liabilities and €2.0m (2014: €nil) of deferred tax assets. Deferred tax liabilities relate primarily to temporary differences arising from fair value adjustments of acquired intangibles and fair value uplift of investments. The deferred tax asset relates primarily to temporary timing differences in respect of taxes in certain jurisdictions.

23. Operating lease commitments

The total future minimum lease payments due under non-cancellable operating lease payments are analysed below:

As at 31 December	**2015** **€million**	2014 €million
Within one year	**6.7**	8.6
Later than one year but not later than five years	**17.1**	24.5
More than five years	**7.8**	13.1
	31.6	46.2

All operating lease commitments relate to land and buildings. Rental costs under operating leases are charged to the consolidated statement of comprehensive income in equal annual amounts over the period of the leases.

24. 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.

Indirect taxation

Group companies may be subject to VAT on transactions which have been treated as exempt supplies of gambling, or on supplies which have been zero rated for export to Gibraltar where legislation provides that the services are received or used and enjoyed in the country where the service provider is located. Revenues earned from customers located in any particular jurisdiction may give rise to further taxes in that jurisdiction. If such taxes are levied, either on the basis of current law or the current practice of any tax authority, or by reason of a change in the law or practice, then this may have a material adverse effect on the amount of tax payable by the Group or on its financial position. Where it is considered probable that a previously identified contingent liability will give rise to an actual outflow of funds, then a provision is made in respect of the relevant jurisdiction and period impacted. Where the likelihood of a liability arising is considered remote, or the possible contingency is not material to the financial position of the Group, the contingency is not recognised as a liability at the balance sheet date.

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 and Spain) aimed at preventing bwin.party from offering its services in these countries.

On 16 October 2014, the Portuguese Supreme Court confirmed a ruling of the Oporto Court of First Instance of September 2011 against Liga Portuguesa de Futebol Profissional ('Liga'), bwin.party digital entertainment plc and bwin.party services (Gibraltar) Ltd (together 'bwin.party'). In this initial ruling the first instance Court had (i) declared the (meanwhile already terminated) sponsorship agreement between bwin.party and the Liga 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 da Misericórdia de Lisboa, and (v) ordered the publishing of the ruling and the notification of Portuguese media organisations.

Following the initial first instance ruling, the Liga and bwin.party already took measures in order to comply with the decision. However, it cannot be ruled out that certain activities may still be considered as violation of the ruling.

In June 2012, APC initiated enforcement proceedings against the Liga and bwin.party, requesting the payment of pecuniary sanctions in the total amount of €6.35 million for the alleged violation of the first instance court judgment during the period between 24 September 2011 and 31 January 2012. The Liga and bwin.party remain firmly of the view that such enforcement action is without merit. In June 2012, the Oporto enforcement court dismissed APC's enforcement claim for lack of enforceability. APC filed an appeal against this decision, which the appellate enforcement court granted on 25 November 2014 and decided that pecuniary sanctions were enforceable at the time APC initiated the enforcement proceeding without assessing the enforcement case on its merits. On 29 May 2015, the Supreme Court rejected the appeal submitted by the Liga solely on formal admissibility grounds and the Liga subsequently filed a petition requesting that the case be presided over by a chamber of three judges of the Supreme Court, which the Supreme Court rejected on 17 November 2015 confirming the rejection of the appeal lodged by the Liga, on the same grounds as in its initial rejection. On 3 December 2015, the Liga submitted an appeal to the Constitutional Court on grounds of unconstitutionality of the interpretation of the applicable admissibility rules. The Supreme Court did not rule on the substantive matter of whether or not the pecuniary sanctions are in fact due in the present case, which, despite the petition pending at the Constitutional Court on the formal question of enforceability, will be the subject of the enforcement proceedings initiated by APC that will be continued before the Oporto enforcement court, where the Liga and bwin.party will submit their defence arguments.

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 ('Nomato') and six other defendants, including bwin.party digital entertainment plc and BAW International Limited (now bwin.party services (Gibraltar) Limited). Among other things, Mr. Odoni seeks damages in the amount of €6.9 million or 30% of realised profits in Nomato since 29 June 2005 and a declaration that he holds 30% of the shares in Nomato. As the documents were not served to bwin.party digital entertainment plc and bwin.party services (Gibraltar) Limited in accordance with EU-Regulation 1393/2007/EC on the service of documents and not all documents had been translated into English, bwin.party refused to accept the service according to the rights granted under the EU-Regulation. Local counsel filed a conditional appearance to prevent a default judgment and an application to set aside service and/or strike out the action, which the court assessed in the oral hearing of 5 February 2015. The court has not yet set a date for its decision on the formal issues.

No provision has been made for contingent liabilities relating to the above detailed claims. The Directors do not consider that there are any other contingent liabilities requiring disclosure.

25. Share capital

Ordinary shares

	Issued and fully paid €	Number million
As at 1 January 2014	146,378	817.1
Employee share options exercised during the year	1,009	7.0
Issued for satisfaction of consideration	107	0.6
Redeemed as part of share buy-back scheme	(301)	(1.6)
As at 31 December 2014	**147,193**	**823.1**
Employee share options exercised during the year	**14,389**	**8.2**
As at 31 December 2015	**161,582**	**831.3**

The issued and fully paid share capital of the Group amounts to €161,582.36 and is split into 831,294,594 ordinary shares. The share capital in UK Sterling is £124,694.19 and translates at an average exchange rate of 1.295826 Euros to £1 Sterling.

Authorised share capital and significant terms and conditions
The Company's authorised share capital is £225,000 divided into 1,500 million ordinary shares of 0.015 pence each. All issued shares are fully paid. The holders of ordinary shares are entitled to receive dividends when declared and are entitled to one vote per share at meetings of the Company. The Trustee of the Employee Trust has waived all voting and dividend rights in respect of shares held by the Employee Trust.

Own shares

	Own shares reserve €million	Number million
As at 1 January 2014	(5.2)	2.8
Purchase of own shares for the Employee Trust	(0.2)	0.1
Employee share options exercised during the year	3.3	(2.0)
As at 31 December 2014	(2.1)	0.9
Purchase of own shares for the Employee Trust	**(0.2)**	**0.2**
Employee share options exercised during the year	**0.0**	**(0.1)**
As at 31 December 2015	**(2.3)**	**1.0**

As at 31 December 2015 1,041,614 (2014: 891,631) ordinary shares were held as treasury shares by the Employee Trust. Additionally 431,124 (2014: 494,453) were held in the Employee Trust on behalf of employees of the Group. In 2015 the Company donated £0.2m (2014: £0.2m) to the Employee Trust, which the Employee Trust then used to purchase 205,340 (2014: 293,462) ordinary shares in the market.

26. 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:

	Group		**Company**	
	2015	2014	**2015**	2014
Year ended 31 December	**€million**	€million	**€million**	€million
Short-term benefits	**8.8**	6.4	**2.9**	2.7
Share-based payments	**16.7**	3.6	**7.6**	1.5
Termination benefits	**3.6**	0.6	**3.3**	–
	29.1	10.6	**13.8**	4.2

An interest bearing loan to a former Board member of €3.1m was repaid during the period. The Group held an investment in a fund of €0.4m (2014: €2.0m) for whom this former Board member was a partner. The Group received a dividend from this fund of €2.3m (2014: €nil) during the year.

One director had a loan with the Group of €3.1m with interest accrued as at 31 December 2015. This loan was repaid in full in 2016 following the acquisition of the Group as per note 33.

One director has previously made a deposit into a customer account with InterTrader with a balance as at 31 December 2015 of €nil (2014: €2.1m). The director is a director and shareholder of a company that provides investment advisory services to a fund for which InterTrader Limited is the broker. InterTrader earned commissions of €26,322 (2014: €nil) in the period and the fund had a balance of €4.4m deposited with InterTrader as at 31 December 2015.

In 2014 and part of 2015 a furnished property was leased to two separate members of key management at an annual lease rental of €nil for which the open market value of rent of the property was €42,100. This property was sold in 2015.

Short-term interest free loans totalling €135,800 had been advanced to members of key management personnel during the year. These amounts have now been repaid and the balance of loans outstanding at 31 December 2015 was €nil.

Associates and joint ventures
The Group purchased certain customer services of €2.8m (2014: €3.1m) from an associate, with amounts owed at 31 December 2015 of €0.3m (2014: €0.3m).

The Group purchased certain rights to broadcast licensed media of €3.5m (2014: €3.5m) from Conspo Sportcontent Gmbh a joint venture, with amounts prepaid at 31 December 2015 of €nil (2014: €0.3m). Certain expenses were paid on behalf of this associate, resulting in a receivable balance of €0.2m. In addition a dividend was received in the year of €3.0m (2014: €nil).

Company
Where the cash obligations of bwin.party digital entertainment plc (the 'Company') for operating expenditure are discharged by its operating subsidiaries, amounts paid by the subsidiaries are accounted for through an adjustment to the related intercompany balances. During the year, costs of €1.5m were incurred by subsidiaries on behalf of the Company (2014: €1.3m). At year end, the Company did not have any other borrowing facilities (2014: €nil). In 2015 the Company received a dividend of €1.4m from one of its subsidiaries (2014: €nil) and also charged interest of €0.7m through providing a loan of €30.5m to that subsidiary. The loan was fully repaid in the year.

Details of amounts owed to and from subsidiaries are included in notes 15 and 18.

27. Disposals during the period

On 24 June 2015, the Group sold the World Poker Tour ('WPT') business to Ourgame International Holdings ('Ourgame') for consideration of €32.7m paid in cash during the year. This business had been carried within the balance sheet as held-for-sale.

The value of the underlying identifiable assets and liabilities sold, the sale consideration and the profit on disposal were as follows:

	€million
Non-current assets	
Intangible assets	4.4
Property, Plant and equipment	1.7
Current assets	
Trade and other receivables	20.4
Cash and cash equivalents	1.3
Current Liabilities	
Trade and other payables	(3.4)
Client liabilities and prize pools	(0.2)
Reserves	
Currency reserve reclassified to profit or loss	(8.2)
Net movement in assets	**16.0**
Net cash received	32.7
Onerous contract arising on disposal	(11.4)
Fair value receivable	**21.3**
Profit on disposal	**5.3**

The group has disposed of certain other non-core assets during the period from those assets held-for-sale realising a loss of €0.3m.

28. Investment in subsidiaries

	€million
As at 1 January 2014	1,205.5
Options issued to employees of subsidiary undertakings	8.0
Liabilities of subsidiary undertakings satisfied by equity instruments	1.1
Reversal of impairments	31.3
As at 31 December 2014	**1,245.9**
Options issued to employees of subsidiary undertakings	**15.2**
Reversal of impairments	**200.6**
As at 31 December 2015	**1,461.7**

Investments in subsidiaries carried by the Company are carried at cost less any impairment in value. Investments increased in value by €200.6m in the year (2014: revaluation gain of €31.3m). The carrying value is measured as the difference between the market capitalisation of the Company and the carrying value of the Company's investments in subsidiaries as at the respective year ends.

During the year ended 31 December 2015 the Company issued share options with a fair value of €15.2m (2014: €8.0m) in respect of employees of subsidiary undertakings.

The Company is the ultimate holding company of the Group. The following table shows the Company's subsidiary undertakings at 31 December 2015. Each of these companies is included within the consolidated accounts of the Group, either by virtue of being wholly-owned by a member of the Group (other than bwin.party entertainment (NJ) LLC which is 90% owned) with fully paid issued share capital or where the Group exerts sufficient controls over the operations of that entity for it to warrant being consolidated within the Group accounts.

Name of Subsidiary Undertaking	Country of Incorporation	Principal Business
Alancia Limited	Cyprus	Intermediate holding company
Amber Limited	Gibraltar	Dormant
Bellingrath Enterprises Limited	Cyprus	Intermediate holding company
BES SAS	France	Online gaming
bwin Argentina SA	Argentina	Dormant
bwin European Markets Holding Spa	Italy	Intermediate holding company
Bwin Interactive Marketing España SL	Spain	Marketing support services
bwin Italia Srl	Italy	Online gaming
bwin.party (USA) Inc	USA	B2B services
bwin.party corporate services Limited	British Virgin Islands	Company Secretarial Services
bwin.party entertainment (NJ) LLC	USA	Online gaming
bwin.party entertainment Limited	Gibraltar	Intermediate holding company
bwin.party Games AB	Sweden	Dormant
bwin.party holdings Limited	Gibraltar	Intermediate holding company
bwin.party Holdings Malta Limited	Malta	Dormant
bwin.party International Malta Limited	Malta	Dormant
bwin.party Limited	Gibraltar	IT, customer support and marketing services
bwin.party management (Gibraltar) Limited	Gibraltar	Management and IT services
bwin.party marketing (Gibraltar) Limited	Gibraltar	Marketing services
bwin.party marketing (Israel) Limited	Israel	Marketing support services
bwin.party marketing (UK) Limited	United Kingdom	Marketing support services
bwin.party partners Limited	Gibraltar	Dormant
bwin.party services (Austria) GmbH	Austria	IT, customer support and marketing support services
bwin.party services (Bulgaria) EOOD	Bulgaria	IT and customer support services
bwin.party services (Gibraltar) Limited	Gibraltar	Dormant
bwin.party services (Malta) Limited	Malta	B2B services
bwin.party services (NJ) Inc	USA	B2B services
bwin.party services (UK) Limited	United Kingdom	Dormant
Cashcade Limited	United Kingdom	Marketing services
Dominion Entertainment Limited	Malta	Online gaming
Dominion Services GmbH	Austria	Marketing support services
DSG Deutsche Sportwett GmbH	Germany	Dormant
ElectraGames Limited	Gibraltar	Dormant
ElectraWorks (Alderney) Limited	Alderney	IT services
ElectraWorks (España) PLC	Malta	Online gaming
ElectraWorks (France) Limited	Malta	Online gaming
ElectraWorks (Kiel) Limited	Malta	Online gaming
ElectraWorks Limited	Gibraltar	Online gaming
EZE International Limited	Gibraltar	Dormant
Herotech Limited	United Kingdom	Marketing services
iGlobalMedia Entertainment Limited	Gibraltar	Dormant
IGM Domain Name Services Limited	Gibraltar	Domain management services
Independent Technology Ventures Limited	British Virgin Islands	Online gaming and IT services
Infield Servicios De Consultoria E Marketing Unipessoal LDA	Portugal	Dormant
Interskill Games Limited	Gibraltar	Dormant
InterTrader Limited	Gibraltar	Financial services
ISG (Gibraltar) Limited	Gibraltar	Domain management services

Name of Subsidiary Undertaking	Country of Incorporation	Principal Business
ITV Holdings Limited	British Virgin Islands	Intermediate holding company
IVY BPO Services Private Limited	India	Customer support services
IVY Comptech Private Limited	India	IT and customer support services
IVY Foundation	India	Charity
IVY Software Development Services Private Limited	India	Software Development Services
Kaiane Services Limited	Malta	B2B services
Kalixa Accept Limited	United Kingdom	Transaction services
Kalixa Group Limited	Gibraltar	Intermediate holding company
Kalixa Pay Limited	United Kingdom	Transaction Services
Kalixa Payments GmbH	Austria	Dormant
Kalixa Payments Group Limited	United Kingdom	Transaction Services
Kalixa Services GmbH	Austria	Intermediate holding company
Kalixa USA Inc.	USA	Transaction services
Leodata Limited	Gibraltar	Dormant
Party InterVentures Limited	Gibraltar	Dormant
Party Ventures Limited	Gibraltar	Intermediate holding company
PartyGaming Finance Limited	Bermuda	Treasury Services
PartyGaming IA Limited	Bermuda	Intellectual Property holding
Paytech International Limited	Gibraltar	Dormant
PB (Italia) S.r.l.	Italy	Online gaming
PGB Limited	Gibraltar	Intermediate holding company
PKR Services Limited	Gibraltar	Dormant
PXP Solutions Inc.	USA	Gateway services provider
PXP Solutions Limited	United Kingdom	Intermediate holding company
PXP Solutions PTY Limited	Australia	Gateway services provider
Servebase Limited	United Kingdom	Gateway services provider
Websports Entertainment Marketing Services GmbH	Austria	Marketing support services
Westman Holdings Limited	British Virgin Islands	Intermediate holding company
WIN (Gibraltar) Limited	Gibraltar	Dormant
WIN Interactive (Israel) Limited	Israel	Dormant
WIN Interactive LLC	Ukraine	Software Development Services
Winner Summit Limited	BVI	Dormant
WorldNet DNS Management Limited	Gibraltar	Dormant

29. Financial instruments and risk management

The Group is exposed through its operations to the following financial risks:

- Liquidity risk
- Capital Risk
- Credit Risk
- Market Risk
- Interest Rate Risk
- Currency Risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing these risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing these risks or the methods used to measure them from previous periods, unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- > investments;
- > short-term investments;
- > trade and other receivables;
- > cash and cash equivalents;
- > loans and borrowings;
- > trade and other payables;
- > contingent consideration;
- > client liabilities and progressive prize pools; and
- > foreign exchange forward contracts.

The Group operates a sports betting business and always has open bets representing bets placed by customers for which events have not yet happened. As at 31 December 2015 and at the prior year end the fair market value of open bets was negligible.

Financial instruments by category

Included within overall financial instruments in the tables below are financial assets and liabilities which have been classified as held for sale within note 13.

Financial assets

Financial instrument	**Loans & Receivables**		**Available for sale**		**Fair value through Profit & Loss**	
Year ended 31 December	**2015 €million**	2014 €million	**2015 €million**	2014 €million	**2015 €million**	2014 €million
Investments	–	–	**14.4**	8.7	**–**	–
Short term investments	**16.1**	13.5	**–**	–	**–**	–
Cash & cash equivalents	**150.3**	164.4	**–**	–	**–**	–
Trade & other receivables	**78.1**	68.4	**–**	–	**–**	–
Derivative financial assets	**–**	–	**–**	–	**1.2**	1.9
Contingent consideration – current	**–**	–	**–**	–	**6.0**	–
Contingent consideration – non-current	**–**	–	**–**	–	**6.4**	10.6
	244.5	246.3	**14.4**	8.7	**13.6**	12.5

Financial liabilities

Financial instrument	**At fair value through profit & loss**		**Amortised cost**	
Year ended 31 December	**2015 €million**	2014 €million	**2015 €million**	2014 €million
Trade & other payables – current	**–**	9.2	**95.0**	82.4
Trade & other payables – non-current	**–**	–	**–**	12.9
Client liabilities and progressive prize pools	**–**	–	**114.9**	116.1
Loans and borrowings – current	**–**	–	**6.8**	31.8
Loans and borrowings – non-current	**–**	–	**49.7**	25.1
Contingent consideration – current	**0.3**	0.2	**0.5**	–
Contingent consideration – non-current	**0.1**	0.2	**4.3**	4.3
	0.4	9.6	**271.2**	272.6

Financial instruments not measured at fair value within the financial statements

Financial instruments not measured at fair value includes cash and cash equivalents, short term investments, trade and other receivables, trade and other payables, client liabilities and progressive prize pools, loans and borrowings and contingent consideration that arose on acquisitions prior to the introduction of *IFRS 3 (revised)*.

Due to their short term nature, the carrying values of cash and cash equivalents, joint venture and associate investments, short term investments, trade and other receivables, trade and other payables, client liabilities and progressive prize pools approximates their fair value and are classified in level 3 of the fair value hierarchy.

Financial instruments measured at fair value

The fair value hierarchy of financial instruments measured at fair value is provided below:

Financial instrument	**Level 1**		**Level 2**		**Level 3**	
	2015	2014	**2015**	2014	**2015**	2014
Year ended 31 December	**€million**	€million	**€million**	€million	**€million**	€million
Financial assets						
Investments	**3.1**	6.7	**–**	–	**11.3**	2.0
Deferred and contingent consideration	**–**	–	**–**	–	**12.6**	10.6
Derivative financial assets	**–**	–	**1.2**	1.9	**–**	–
As at 31 December	**3.1**	6.7	**1.2**	1.9	**23.9**	12.6
Financial liabilities						
Contingent consideration	**–**	–	**–**	–	**0.4**	0.4
Other payables	**–**	–	**–**	–	**–**	9.2
As at 31 December	**–**	–	**–**	–	**0.4**	9.6

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset or liability as follows:

Level 1 – valued using quoted prices in active markets for identical assets

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included within level 1

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

There were no transfers between levels during the period.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of level 3 financial instruments are set out in the table below.

Financial instrument	**Valuation techniques used**	**Significant unobservable inputs**
Investments	Discounted cash flow forecasts	Weighted average costs of capital, cash flow forecasts and long term growth rates
Contingent consideration – receivables	Discounted cash flow forecasts	Weighted average cost of capital and expected cash flows
Contingent consideration – payables	Discounted cash flow forecasts	Weighted average cost of capital and expected cash flows
Other payables	Discounted cash flow forecasts	Weighted average cost of capital and expected cash flows

In respect of the investment in Visa Europe Limited which is carried at fair value and recorded within level 3, the directors have arrived at a valuation which they believe to be within a reasonable range, based on information available. The expected consideration should the transaction complete which based on available information the directors believe will be the case and hence the basis for arriving at fair value is split between cash, potentially convertible shares in Visa Inc and contingent consideration payable on the fourth anniversary of the potential transaction completing. The conversion of the shares in Visa Inc are dependent on the eventual outcome of certain litigation matters facing Visa Europe Limited and may not be convertible and capable of being realised for a period of up to 12 years. Consequently management have applied a discount to the expected proceeds to reflect the risk that the shares may not convert and the contingent consideration may not be payable.

The reconciliation of the opening and closing fair value balance of level 3 financial assets is as follows:

	Financial Assets		
	Investments €million	**Contingent consideration €million**	**Total €million**
As at 1 January 2014	4.0	10.9	14.9
Additional investments	0.4	–	0.4
Total gains or losses			
in profit or loss	(2.2)	(0.3)	(2.5)
in other comprehensive income	(0.2)	–	(0.2)
As at 31 December 2014	**2.0**	**10.6**	**12.6**
Additional investments	**0.3**	**–**	**0.3**
Total gains or losses			
in profit or loss	**(1.6)**	**1.7**	**0.1**
in other comprehensive income	**10.6**	**0.3**	**10.9**
As at 31 December 2015	**11.3**	**12.6**	**23.9**

The reconciliation of the opening and closing fair value balance of level 3 financial liabilities is as follows:

	Financial liabilities		
	Contingent consideration €million	**Other payables €million**	**Total €million**
As at 1 January 2014	0.4	9.3	14.1
New consideration arrangement	11.3	–	11.3
Total gains or losses in profit or loss	(11.3)	(0.1)	(11.5)
As at 31 December 2014	**0.4**	**9.2**	**13.9**
Total gains or losses			
in profit or loss	**–**	**(0.4)**	**(0.4)**
in other comprehensive income	**–**	**–**	**–**
Settlements (paid)	**–**	**(8.8)**	**(8.8)**
As at 31 December 2015	**0.4**	**–**	**0.4**

Management controls and procedures

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating the required processes that ensure the effective implementation of the objectives and policies to the Group's treasury department under the auspices of the Group Treasury Committee (see below). As such, the Group's funding, liquidity and exposure to interest rate and foreign exchange rate risks are managed by the Group's treasury department. The treasury department is mandated to execute conventional forward foreign exchange contracts and swaps in order to manage these underlying risks. No other derivatives may be executed without written authority from the Board at which point an explanation of the accounting implications would also be given.

Treasury operations are conducted within a framework of policies and guidelines reviewed and approved by the Board on an annual basis which are recommended and subsequently monitored by the Group Treasury Committee. The Group Treasury Committee is chaired by the Group Finance Director. These polices include benchmark exposures and hedge cover levels for key areas of treasury risk. The Group risk management policies would also be reviewed by the Board following, for example, significant changes to the Group's business. Exposures are monitored and reported to management on a monthly basis, together with required actions when tolerance limits are exceeded. The internal control procedures and risk management processes of the treasury department are also reviewed periodically by the internal audit function. The last internal control review was reported during 2014 and the procedures and processes were deemed satisfactory.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible, without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Liquidity risk

Liquidity risk arises from the Group's management of its working capital as well as the finance charges and principal repayments on its debt instruments. In essence, it is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's treasury department ensures that the Group's cash and cash equivalents, and amounts due from payment service providers ('PSPs') exceed its combined client liabilities at all times. This excess is defined as the Client Liability Cover. Client liabilities principally represent customer deposits and progressive prize pools.

The Group Treasury Committee is advised of cash balances, investments, foreign currency exposures, interest income, interest expense, amounts due from PSPs, Client Liability Cover and counterparty exposures on a monthly basis, or more frequently if required.

In the year under review the Group continued to impose a maximum debt limit of €200 million that may mature in any one year to ensure that there is no significant concentration of refinancing risk.

Management monitors liquidity to ensure that sufficient liquid resources are available to the Group. The Group's principal financial assets are cash, bank deposits and trade and other receivables.

As at 31 December 2014 the Group had a £30 million 3 year amortising term loan with a drawn balance of £25m. The Group also had a £50m revolving credit facility for managing liquidity risk. This facility was available for the Group to draw upon until December 2016. As at 31 December 2014 the drawn balance on the facility was £20m.

In June 2015 the remaining balances of £25m and £20m respectively were rolled into a newly agreed revolving credit facility of up to £75m, withdrawable in both sterling and euros. As at 31 December 2015 the drawn balance on this facility was £30m and €16m. On completion of the acquisition of the Group in 2016 (see note 33), these facilities along with any accrued interest were repaid in their entirety and cancelled.

The following table sets out the maturities of financial liabilities:

As at 31 December 2015	**Undiscounted cash flows €million**	**6 months or less €million**	**6-12 months €million**	**1-5 years €million**
Trade and other payables	**110.1**	**99.6**	**10.5**	**–**
Contingent consideration	**6.0**	**–**	**1.0**	**5.0**
Client liabilities and progressive prize pools	**115.0**	**115.0**	**–**	**–**
Loans and borrowings	**61.3**	**7.7**	**1.1**	**52.5**
Financial liabilities	**292.4**	**222.3**	**12.6**	**57.5**

As at 31 December 2014	Undiscounted cash flows €million	6 months or less €million	6-12 months €million	1-5 years €million
Trade and other payables	106.4	82.9	9.4	14.1
Contingent consideration	5.8	0.2	–	5.6
Client liabilities and progressive prize pools	116.1	116.1	–	–
Loans and borrowings	57.6	–	32.0	25.6
Financial liabilities	285.9	199.2	41.4	45.3

Capital risk

In common with many internet companies that have few physical assets, the Group has no policy as to the level of equity capital and reserves other than to address statutory requirements. The primary capital risk to the Group is the level of debt relative to the Group's net income. Accordingly, the Group's policy is that net debt should not exceed €300 million and that the leverage ratio of net debt/clean EBITDA should be less than 1.5x. For the purposes of these limits net debt is defined as borrowings plus client liability less cash.

As at 31 December	**2015 €million**	2014 €million
Loans and borrowings	**56.5**	56.9
Client liabilities	**115.0**	116.1
Gross debt	**171.5**	173.0
Cash and cash equivalents	**150.3**	164.4
Net debt (surplus)	**21.2**	8.6

A review of net debt is as follows:

As at 31 December	**2015 €million**	2014 €million
Net debt (€million)	**21.2**	8.6
Clean EBITDA (€million)	**108.5**	101.2
Headroom (€million)	**66.3**	47.2
Ratio	**0.2**	0.1

Details of the Group's dividend policy is disclosed within note 31

Credit risk

Operational: The Group's operational credit risk is primarily attributable to receivables from PSPs and from customers who dispute their deposits made after playing on the Group's websites. Prior to accepting new PSPs and wherever practicable, credit checks are performed using a reputable external source. Senior management monitors PSP balances on a weekly basis, including aged debtor analysis, and promptly takes corrective action if pre-agreed limits are exceeded. For PSPs that do not have a formal credit rating, an internal rating system is used, based on such factors as industry knowledge, their statement of financial position, profitability, customer diversification, geographic diversification, long-term stability, management credibility, potential regulatory risk and historic payment track record.

These internal ratings are monitored and reviewed on a quarterly basis. An internal rating of one is assessed as very strong whilst a rating of five is assessed as weak.

As at 31 December	**2015 €million**	2014 €million
1 (Very Strong)	**25.1**	15.4
2 (Strong)	**2.8**	12.6
3 (Good)	**3.6**	3.1
4 (Satisfactory)	**0.9**	1.3
PSPs amounts due	**32.4**	32.4

Management consider the maximum credit exposure on amounts due from PSPs to be the carrying amount.

As at 31 December 2015 and 31 December 2014 there were no overdue amounts due from PSPs which the Directors considered required impairment, nor were there any partially impaired amounts or any impairment expense for the period. There is an inherent concentration of risk with PSPs, which are not investment grade banks, in that the majority derive most of their income from the online gaming sector. To this end, where practicable and economic, the Group seeks to substitute non-investment grade PSPs with investment grade, or, at least, better quality PSPs.

Cash investments: The Group only invest cash with a small number of very strong European financial institutions. The Group also invests cash in instant access pooled money market funds with a minimum long-term credit rating of AAA on the principal, as defined by Moody's rating agency. The Group can also purchase commercial paper provided the issuer is not a financial institution and has a one year credit default swap, as quoted by Bloomberg, of no more than 1%.

Investments are allowed only in highly liquid securities. The Group maintains monthly operational balances with strong local banks in Gibraltar, UK, France, Malta, Italy, Israel, Bulgaria, Austria, USA and India to meet local salaries, expenses and legal requirements. In Italy, Spain and France the Group maintains domestic segregated player funds accounts as required by the respective regulatory authorities. Cash is also held as security in Austria, Italy and UK primarily to support bank guarantees and as reserves for credit and debit card chargebacks. Other than this, non-central cash balances are kept to a minimum.

As at 31 December 2015 and 31 December 2014 all cash and short term investment balances were held at banks.

The treasury department may only make the following cash investments, without prior written authority by the Board:

- cash deposits;
- pooled money market funds;
- certificates of deposit; and
- commercial paper.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Market risk

Market risk arises from the Group's use of interest-bearing, tradable and foreign currency financial instruments. It is the risk that the fair value of future cash flows on its long-term debt finance and cash investments through the use of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Currency and Interest rate risk

The Group's current net cash position is maintained primarily on a floating rate basis. In the event of a strategic change in the debt position of the Group, the interest rate management policy would be reviewed.

Transaction and currency liability exposures: The Group's policy is that all material transaction and currency liability exposures are economically and fully hedged using foreign exchange contracts and/or by holding cash in the relevant currency. Additionally, the Group has discretion to hedge some or all of its forecast sterling operational costs in Gibraltar and the UK for up to 12 months. No other forecast cash flows are hedged. The Group may also economically hedge material committed exposures such as capital expenditure unless the period between commitment and payment is short (less than one month). Currency exposures are monitored by the Group Treasury Committee on a monthly basis. A €5 million currency tolerance limit between euros and US dollar, sterling and Canadian dollar (reduced to €3m between euro and any other currency) is permitted in order to avoid executing low value and uneconomic foreign exchange contracts.

Net investment exposures: The Group has the flexibility to hold debt in currencies other than euros in order to hedge non-euro investments up to 50% of the net investment value. In managing the mix of on-going debt exposure the Group takes into account prevailing interest rates in particular currencies and the potential impact on Group earnings ratios.

Sensitivity analysis to currency and interest rate risk

The Group has adopted a sensitivity analysis that measures the change to the fair value of the Group's financial instruments arising from a 10% strengthening or weakening in the reporting currency against all other currencies from the rates applicable at 31 December. The Group is exposed to currency movements in the euro, arising out of changes in the fair value of financial instruments which are held in non-euro currencies. This analysis is for illustrative purposes only, as in practice, market rates rarely change in isolation.

Whilst the Group is exposed to interest rate movements since it holds significant amounts of cash at floating rates as well as cash equivalents and other assets to meet client liability obligations that are non-interest bearing and LIBOR based loans (see note 21), the exposure is actually not significant as the Group's interest bearing assets and liabilities are naturally hedged. Therefore, interest rate sensitivity analysis has been omitted from the table below.

The amounts generated from the sensitivity analysis are estimates of the possible impact of market risk, assuming that specified changes occur. Actual results in the future may differ materially from these results due to other developments in financial markets that may cause fluctuations in interest and exchange rates to vary from the hypothetical amounts disclosed in the following table, which therefore should not be considered as a projection of likely future events and losses.

	(Decrease) increase in fair value of financial instruments		**Impact on earnings gain (loss)**	
As at 31 December	**2015 €million**	2014 €million	**2015 €million**	2014 €million
10% weakening in the reporting currency	**(2.3)**	(3.4)	**(1.8)**	(2.8)
10% strengthening in the reporting currency	**2.5**	3.1	**1.9**	2.5

Insurance

The Group purchases insurance for commercial or, where required, for legal or contractual reasons. The Group also retains certain insurable risk where external insurance is not considered an economic means of mitigating these risks.

30. Share-based payments

Year ended 31 December	**2015 €million**	2014 €million
Total Shareholder Return based	**14.7**	1.5
Clean EBITDA/Clean EBITDA growth based	**7.5**	4.5
Other	**9.3**	3.6
Orneon acquisition	**0.0**	0.2
Associated taxes	**1.7**	0.0
	33.2	9.8

Due to the acquisition by GVC there was an acceleration of the vesting of share options resulting in an increased share-based payments charge. Included within the share-based payments charge and current liabilities is €15.2m (2014: €nil) related to cash-settled share options that would otherwise have been settled in shares.

The Group has adopted and granted awards as a reward and retention incentive for employees, including the Executive Directors. The Group has used the Black-Scholes option pricing model to value these options unless the Monte Carlo option pricing model is deemed more appropriate. An appropriate discount has been applied to reflect the fact that dividends are not paid on options that have not vested or have vested and have not been exercised.

bwin.party digital entertainment plc 2014 Incentive Plan ('BIP')
The BIP was approved by the Company's shareholders on 24 February 2014 and succeeds the Bonus Banking Plan ('BBP') and Value Creation Plan ('VCP'), which reached the end of their three year period of operation on 31 December 2013. The BIP is split into two separate elements. Element A is virtually identical to the BBP except with a reduced maximum annual contribution (250% instead of 300%). Element B of the BIP, which replaces the VCP, allows for the annual grant of restricted shares dependent on the extent to which the Company has completed strategic and transformational objectives during the previous year, these projects having been set by the Remuneration Committee at the beginning of that previous year. Any award made under Element B is made in the form of a restricted share award or nil-cost share option. The shares vest on the third anniversary of grant, but are only eligible for sale on the fifth anniversary of grant. Unlike the VCP which did not cap awards, an annual Element B award may not exceed 300% of salary.

BIP **Year end 31 December**	**Number million 2015**	Number million 2014
Outstanding at beginning of year	**3.1**	–
Shares over which options granted during the year	**3.7**	3.7
Shares in respect of options lapsed during the year	**(0.3)**	(0.4)
Exercised during the year	**(0.3)**	(0.2)
Outstanding at end of year	**6.2**	3.1
Exercisable at the end of year	**0.0**	0.0
Shares over which options granted during the period (number)	**3,727,742**	3,675,416
Percentage of total issued share capital	**0.45%**	0.45%
Weighted average remaining contractual life of options outstanding upon satisfaction of performance conditions where relevant (days)	**32**	3,288

Bonus and Share Plan ('BSP')

The BSP plan also covers a three year period with annual performance targets set at the beginning of each year. If the targets are met the participant will receive nil-cost share-options which vest in equal instalments over the next three years.

Bonus and share plan Year end 31 December	**Number million 2015**	Number million 2014
Outstanding at beginning of year	**1.5**	1.6
Shares over which options granted during the year	**1.3**	1.4
Shares in respect of options lapsed during the year	**–**	(0.1)
Exercised during the year	**(1.6)**	(1.4)
Outstanding at end of year	**1.2**	1.5
Exercisable at the end of year	**0.3**	0.4
Shares over which options granted during the period (number)	**1,312,320**	1,448,985
Percentage of total issued share capital	**0.16%**	0.18%
Weighted average remaining contractual life of options outstanding upon satisfaction of performance conditions where relevant (days)	**32**	2,997

Other share plans

Year end 31 December 2015	**bwin.party rollover plan Number million**	**GSP plan Number million**	**FMV plan Number million**	**Nil-Cost plan Number million**
Outstanding at beginning of year	**20.6**	**6.5**	**2.2**	**0.2**
Shares over which options granted during the year	**–**	**6.1**	**–**	**0.0**
Shares in respect of options lapsed during the year	**(1.5)**	**(0.5)**	**(1.3)**	**–**
Exercised during the year	**(0.2)**	**(4.8)**	**–**	**–**
Outstanding at end of year	**18.9**	**7.3**	**0.9**	**0.2**
Exercisable at the end of year	**18.9**	**2.5**	**0.9**	**0.2**
Shares over which options granted during the period (number)	**–**	**6,099,466**	**–**	**26,880**
Percentage of total issued share capital	**n/a**	**0.7%**	**n/a**	**0.0%**
Weighted average remaining contractual life of options outstanding upon satisfaction of performance conditions where relevant (days)	**32**	**32**	**32**	**32**

Year end 31 December 2014	bwin.party rollover plan Number million	GSP plan Number million	FMV plan Number million	Nil-Cost plan Number million
Outstanding at beginning of year	22.0	9.7	2.6	0.4
Shares over which options granted during the year	–	1.7	–	–
Shares in respect of options lapsed during the year	(0.6)	(0.8)	(0.4)	–
Exercised during the year	(0.8)	(4.1)	–	(0.2)
Outstanding at end of year	20.6	6.5	2.2	0.2
Exercisable at the end of year	20.6	2.5	2.2	0.2
Shares over which options granted during the period (number)	–	1,670,323	–	–
Percentage of total issued share capital	n/a	0.2%	n/a	n/a
Weighted average remaining contractual life of options outstanding upon satisfaction of performance conditions where relevant (days)	845	2,908	1,313	1,628

bwin.party Rollover Plan

These options were granted as a result of the Merger to replace the existing bwin options at the time using the same exchange ratio as for Shares. They are subject to the original vesting conditions and have no performance conditions. No new awards are to be granted under this plan.

Global Share Plan ('GSP')

Awards of free shares worth up to a maximum of £25,000 (or equivalent) may be made to each eligible employee each year. The award may be subject to performance conditions. There is flexibility to grant different types of free share award including nil-cost options, conditional awards of shares and restricted shares where the employee is the owner of the shares from the date of award.

Additionally, where employees buy shares up to a maximum of £1,500 each, they may be awarded additional free shares on a matching basis, up to a maximum of two matching shares for each purchased share. Purchased shares must be held for a minimum of three years for the matching shares to vest.

Directors are not eligible to receive any awards under this plan.

FMV Plan

Options granted under this plan during the period generally vest in instalments over a three year period. There are no performance conditions attached to options issued by the Group under the terms of the FMV Plan. Directors are not eligible to receive any awards under this plan. No new awards are to be granted under this plan.

Nil-Cost Plan

These options are not generally subject to performance conditions as this is regarded as detracting from their attraction and retention capabilities and instead usually vest on a phased basis over a four to five year period. No new awards are to be granted under this plan.

Orneon acquisition

As part of the Orneon acquisition the Group granted share options to key management of the acquired entities. These options are not subject to performance conditions but require continued employment for a period of two years from the date of acquisition.

31. Dividend

The Board is not recommending any final dividend. The interim dividend of 1.92 pence per share was paid during the year ended 31 December 2015 (2014: 3.78p).

32. Non-controlling interests

Non-controlling interests included a 28% holding in BES S.A.S, a company incorporated in France. This minority shareholding was acquired on 8 July 2015 for €8.8m. The loss attributable to the non-controlling interest to this period was €0.3m (31 December 2014: €1.4m).

It also includes a 10% holding in bwin.party entertainment (NJ) LLC, a company incorporated in the United States. The loss attributable to the non-controlling interest was €0.5m (2014: €0.8m).

The balance of retained earnings attributable to non-controlling interests is disclosed in the table below:

	€million
As at 1 January 2014	4.8
Loss attributable to non-controlling interests	2.2
As at 31 December 2014	**7.0**
Loss attributable to non-controlling interests	**0.8**
Transferral of minority interests on acquisition of minority interests	**(6.5)**
As at 31 December 2015	**1.3**

33. Post balance sheet events

On 29 January 2016 the entire issued share capital of the Company was acquired by GVC for total consideration of £1.1bn. Following this acquisition the company was delisted from the London Stock Exchange and re-registered to a private company under the ownership of GVC. The group's existing loan facilities were repaid as part of this transaction and the Company and certain Group subsidiaries became Obligors on the €400m debt facility introduced by the new parent entity, GVC.

As a result of this acquisition it has been agreed that Norbert Teufelberger, Martin Weigold, Elizabeth Catchpole, Sylvia Coleman and Barry Gibson will resign from the Board on 5 March 2016 following approval of these accounts.

Neil Cotter and Robert Hoskin will be appointed directors of the Company with effect from 5 March 2016.

Company statement of financial position

Year ended 31 December	Notes	**As at 31 December 2015 €million**	As at 31 December 2014 €million
Non-current assets			
Investments in subsidiaries	28	**1,461.7**	1,245.9
Investments	14	**3.5**	3.2
		1,465.2	1,249.1
Current assets			
Trade and other receivables	15	**2.4**	1.6
Cash and cash equivalents	17	**0.2**	0.2
		2.6	1.8
Total assets		**1,467.8**	1,250.9
Current liabilities			
Trade and other payables	18	**(227.9)**	(144.4)
		(227.9)	(144.4)
Non-current liabilities			
Trade and other payables	18	**(4.3)**	–
		(4.3)	–
Total liabilities		**(232.2)**	(144.4)
Total net assets		**1,235.6**	1,106.5
Equity			
Share capital	25	**0.2**	0.1
Share premium account		**3.3**	3.0
Own shares	25	**(2.3)**	(2.1)
Available-for-sale reserve		**1.7**	1.4
Retained earnings		**1,232.7**	1,104.1
Equity attributable to equity holders of the parent		**1,235.6**	1,106.5

The financial statements were approved by the board of directors and authorised for issue on 4 March 2016.

They were signed on its behalf by:

Martin Weigold
Director

Elizabeth Catchpole
Director

Company statement of changes in equity

Year ended 31 December 2015	As at 1 January €million	Other issue 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 €million
Share capital	**0.1**	**0.1**	**–**	**(0.0)**	**–**	**–**	**0.2**
Share premium account	**3.0**	**0.3**	**–**	**–**	**–**	**–**	**3.3**
Own shares	**(2.1)**	**0.0**	**–**	**(0.2)**	**–**	**–**	**(2.3)**
Available-for-sale reserve	**1.4**	**–**	**–**	**–**	**0.3**	**–**	**1.7**
Retained earnings	**1,104.1**	**(0.1)**	**(43.2)**	**–**	**153.8**	**18.0**	**1,232.6**
Total equity	**1,106.5**	**0.3**	**(43.2)**	**(0.2)**	**154.1**	**18.0**	**1,235.5**

Year ended 31 December 2014	As at 1 January €million	Other issue 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 €million
Share capital	0.1	(0.0)	–	(0.0)	–	–	0.1
Share premium account	2.2	0.8	–	–	–	–	3.0
Own shares	(5.2)	3.3	–	(0.2)	–	–	(2.1)
Available-for-sale reserve	–	–	–	–	1.4	–	1.4
Retained earnings	1,118.7	(2.7)	(37.8)	(2.0)	18.1	9.8	1,104.1
Total equity	1,115.8	1.4	(37.8)	(2.2)	19.5	9.8	1,106.5

Company statement of cashflows

Year ended 31 December	**2015 €million**	2014 €million
Profit for the year	**153.8**	18.1
Adjustments for:		
Reversal of impairment of investments in subsidiaries	**(200.6)**	(31.3)
Impairment of investments	**0.0**	–
Increase in reserves due to share-based payments	**2.9**	1.1
Dividend income	**(1.4)**	–
Interest income	**(0.7)**	–
Interest expense	**0.4**	–
Operating cashflows before movements in working capital and provisions	**(45.6)**	(12.1)
Decrease in trade and other receivables	**(0.8)**	105.1
Increase in trade and other payables	**44.6**	(54.4)
Net cash inflow from operating activities	**(1.8)**	38.6
Investing activities		
Purchase of investments	**–**	(0.4)
Dividend income received	**1.4**	–
Loan advanced to subsidiary	**(30.5)**	–
Loan repaid by subsidiary	**30.5**	–
Interest received	**0.7**	–
Net cash generated by (used in) investing activities	**2.1**	(0.4)
Financing activities		
Issue of ordinary shares	**0.3**	1.4
Purchase of own shares	**(0.2)**	(2.2)
Dividends paid	**(43.2)**	(37.8)
Loans received	**43.2**	–
Interest paid	**(0.4)**	–
Net cash used in financing activities	**(0.3)**	(38.6)
Net decrease in cash and cash equivalents	**(0.0)**	(0.4)
Exchange differences	**–**	–
Cash and cash equivalents at beginning of year	**0.2**	0.6
Cash and cash equivalents	**0.2**	0.2

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 of the Company
'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. Following the takeover by GVC, the Company reregistered as bwin.party digital entertainment Limited.
'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
'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
'GVC'	GVC Holdings Plc
'IAS'	International Accounting Standards
'IASB'	International Accounting Standards Board
'IFRS'	International Financial Reporting Standards
'InterTrader'	Our financial markets service, operating on Intertrader.com and Intertraderdirect.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
'POCT'	Point of Consumption Tax, the tax introduced by the UK Gambling Commission in 2014 on all bets made by UK customers
'PXP'	PXP Solutions Limited
'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
'wager'	a bet on a game or sporting event
'WIN'	the Group's Social Gaming business unit established in May 2012
'WPT'	The World Poker Tour
'yield per active player day'	net revenue in the period divided by the number of active player days in that period

SECTION B

PART I: ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION FOR GVC FOR THE THREE MONTHS ENDED 31 MARCH 2016

The Directors
GVC Holdings PLC
32 Athol Street
Douglas
IM1 1JB
Isle of Man

1 July 2016

Dear Sirs

GVC Holdings PLC (the Company) and its Subsidiary Undertakings (together the Group) – Accountant's Report on Historical Financial Information

We report on the Group historical financial information set out in Section B of Part II for the three months ended 31 March 2016 (the **Historical Financial Information**). The Historical Financial Information has been prepared for inclusion in the Company's announcement dated 1 July 2016 relating to the proposed transfer of the listing category of the Company's ordinary share capital from a Standard Listing to a Premium Listing (the **Announcement**) on the basis of the accounting policies set out in note 1 to the Historical Financial Information.

This report is required by LR 6.1.3R(1)(d) of the Listing Rules of the Financial Conduct Authority (the **FCA**) (the **Listing Rules**) and is given for the purpose of complying with that rule and for no other purpose. We have not audited or reviewed the financial information for the three months ended 31 March 2015, which has been included for comparative purposes only, and accordingly do not express an opinion thereon.

Responsibilities

The directors of the Company are responsible for preparing the Historical Financial Information in accordance with International Financial Reporting Standards as adopted by the European Union. It is our responsibility to form an opinion on the Historical Financial Information and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to the shareholders of the Company as a result of the inclusion of this report in the Announcement, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with LR 6.1.3(1)(d) of the Listing Rules, consenting to its inclusion in the Announcement.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the Historical Financial Information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the Historical Financial Information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Historical Financial Information is free from material misstatement, whether caused by fraud or other irregularity or error.

Opinion on the Historical Financial Information

In our opinion, the Historical Financial Information gives, for the purposes of the Announcement, a true and fair view of the state of affairs of the Group as at 31 March 2016 and of its results, cash flows and changes in equity for the three months ended 31 March 2016 in accordance with International Financial Reporting Standards as adopted by the European Union.

Yours faithfully

GRANT THORNTON UK LLP

PART II: THE HISTORICAL FINANCIAL INFORMATION FOR GVC FOR THE THREE MONTHS ENDED 31 MARCH 2016

CONSOLIDATED INCOME STATEMENT
for the three months ended 31 March 2016

	Notes	**Period Ended 31 March 2016 €m**	Period Ended 31 March 2015 (Unaudited) €m
Net Gaming Revenue	2	**160.8**	59.4
Cost of sales		**(80.0)**	(27.3)
Contribution	2	**80.8**	32.1
Administrative costs	3	**(47.6)**	(20.8)
Clean EBITDA		**33.2**	11.3
Share option charges	3	**(3.0)**	–
Exceptional items	3	**(65.5)**	–
Depreciation and amortisation	3, 8, 9	**(26.3)**	(1.2)
Change in value of available for sale asset	10	**(3.1)**	–
Changes in the fair value of derivative financial instruments	11	**(1.6)**	3.1
Operating (loss)/profit		**(66.3)**	13.2
Financial income	4	**0.3**	–
Financial expense	4	**(11.6)**	(0.7)
Dividend income	5	**3.1**	–
Share of profit/(loss) of associate		**0.1**	–
(Loss)/profit before tax		**(74.4)**	12.5
Taxation income/(expense)	6	**0.5**	(0.2)
(Loss)/profit after tax		**(73.9)**	12.3
Attributable to:			
Owners of the parent		**(73.8)**	12.3
Non-controlling interests		**(0.1)**	–
Earnings per share		**€**	€
Basic	7	**(0.350)**	0.200
Diluted	7	**(0.350)**	0.190

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the three months ended 31 March 2016

	31 March 2016	31 March 2015 (Unaudited)
	€m	€m
(Loss)/profit for the period	**(73.9)**	12.3
Other comprehensive income		
Items that may subsequently be recycled to profit or loss:		
Change in fair value of available for sale assets	**0.1**	–
Exchange differences on translation of foreign operations	**0.3**	–
Total comprehensive income for the period	**(73.5)**	12.3
Total comprehensive income attributable to:		
Owners of the parent	**(73.4)**	12.3
Non-controlling interests	**(0.1)**	–
	(73.5)	12.3

The notes on pages 91 to 142 form part of this historical financial information.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2016

	Notes	**31 March 2016 €m**	31 December 2015 €m
Assets			
Property, plant and equipment	8	**39.5**	1.4
Intangible assets	9	**1,684.0**	155.1
Trade and other receivables	12	**6.5**	–
Investments and available for sale financial assets	10	**4.2**	2.6
Deferred tax		**0.6**	–
Total non-current assets		**1,734.8**	159.1
Trade and other receivables	12	**107.5**	34.6
Derivative financial assets	11	**10.8**	3.8
Income taxes reclaimable	6	**6.0**	6.0
Short term investments	13	**5.4**	–
Cash and cash equivalents	14	**307.9**	28.2
Assets in disposal groups classified as held for sale	15	**68.0**	–
Total current assets		**505.6**	72.6
Total assets		**2,240.4**	231.7
Current liabilities			
Trade and other payables	16	**(93.3)**	(32.0)
Balances with customers and progressive prize pools	17	**(125.5)**	(14.8)
Amounts due under finance leases	22	**(0.3)**	(0.7)
Non-interest bearing loans and borrowings	18	**–**	(3.0)
Deferred and contingent consideration	19	**(1.5)**	(1.6)
Share option liability	25	**(0.2)**	(9.7)
Forward contract liability	3	**(1.2)**	(9.9)
Liabilities in disposal groups held for sale	15	**(22.9)**	–
Provisions	20	**(10.6)**	–
Income taxes payable	6	**(14.3)**	(7.3)
Other taxation payable	21	**(35.9)**	(2.0)
Total current liabilities		**(305.7)**	(81.0)
Current assets less current liabilities		**199.9**	(8.4)
Non-current liabilities			
Deferred and contingent consideration	19	**(4.3)**	–
Interest bearing loans and borrowings	18, 22	**(402.9)**	(19.8)
Share option liability	25	**–**	(2.1)
Betit option liability	11	**(1.9)**	(0.7)
Deferred tax	6	**(76.9)**	–
Total non-current liabilities		**(486.0)**	(22.6)
Total net assets		**1,448.7**	128.1

	Notes	**31 March 2016 €m**	31 December 2015 €m
Capital and reserves			
Issued share capital	23	**2.9**	0.6
Merger reserve	23	**40.4**	40.4
Share premium	23	**1,476.6**	85.4
Translation reserve	23	**0.6**	0.3
Retained earnings	23	**(70.5)**	1.4
Total equity attributable to equity holders of the parent		**1,450.0**	128.1
Non-controlling interests		**(1.3)**	–
Total equity		**1,448.7**	128.1

The notes on pages 91 to 142 form part of this historical financial information.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the three months ended 31 March 2016

Attributable to equity holders of the parent company:

	Share Capital €m	Merger Reserve €m	Share Premium €m	Translation Reserve €m	Retained Earnings* €m	Total €m	Non-Controlling interest €m	Total equity €m
Balance at 1 January 2015	0.6	40.4	85.4	0.3	22.7	**149.4**	–	**149.4**
Share option charges**	–	–	–	–	0.2	**0.2**	–	**0.2**
Share options surrendered	–	–	–	–	(12.2)	**(12.2)**	–	**(12.2)**
Share options exercised	–	–	–	–	–	–	–	–
Dividend paid	–	–	–	–	(7.7)	**(7.7)**	–	**(7.7)**
Transactions with owners	–	–	–	–	(19.7)	**(19.7)**	–	**(19.7)**
Profit for the period	–	–	–	–	12.3	**12.3**	–	**12.3**
Other comprehensive income for the period	–	–	–	–	–	–	–	–
Total comprehensive income for the period	–	–	–	–	12.3	**12.3**	–	**12.3**
Balance as at 31 March 2015 (Unaudited)	**0.6**	**40.4**	**85.4**	**0.3**	**15.3**	**142.0**	–	**142.0**
Share option charges**	–	–	–	–	0.4	**0.4**	–	**0.4**
Share options surrendered	–	–	–	–	–	–	–	–
Share options exercised	–	–	–	–	–	–	–	–
Dividend paid	–	–	–	–	(26.7)	**(26.7)**	–	**(26.7)**
Transactions with owners	–	–	–	–	(26.3)	**(26.3)**	–	**(26.3)**
Profit for the period	–	–	–	–	12.4	**12.4**	–	–
Other comprehensive income for the period	–	–	–	–	–	–	–	–
Total comprehensive income for the period	–	–	–	–	12.4	**12.4**	–	**12.4**
Balance as at 31 December 2015	0.6	40.4	85.4	0.3	1.4	**128.1**	–	**128.1**
Share option charges**	–	–	–	–	2.6	**2.6**	–	**2.6**
Share options surrendered	–	–	–	–	(0.8)	**(0.8)**	–	**(0.8)**
Share options exercised	–	–	0.3	–	–	**0.3**	–	**0.3**
Issue of share capital for the acquisition of bwin.party	2.3	–	1,390.9	–	–	**1,393.2**	–	**1,393.2**
Resulting from the acquisition of bwin.party	–	–	–	–	–	–	(1.2)	**(1.2)**
Transactions with owners	2.3	–	1,391.2	–	1.8	**1,395.3**	(1.2)	**1,394.1**
Loss for the period attributable to the parent	–	–	–	–	(73.8)	**(73.8)**	–	**(73.8)**
Loss for the period attributable to the Non-controlling interest	–	–	–	–	–	–	(0.1)	**(0.1)**
Other comprehensive income attributable to the parent	–	–	–	0.3	0.1	**0.4**	–	**0.4**
Other comprehensive income attributable to the Non-controlling interest	–	–	–	–	–	–	–	–
Total comprehensive income for the period	–	–	–	0.3	(73.7)	**(73.4)**	(0.1)	**(73.5)**
Balance as at 31 March 2016	**2.9**	**40.4**	**1,476.6**	**0.6**	**(70.5)**	**1,450.0**	**(1.3)**	**1,448.7**

* the share option reserve included within retained earnings at 31 March 2016 amounted to a debit balance of €5.0 million, largely due to the surrender of fully vested share options during 2015.

** total share option charge per the consolidated income statement amounted to €3.0 million, the difference being a cash settled share option expense of €0.4 million which is not taken directly to retained earnings.

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

The notes on pages 91 to 142 form part of this historical financial information.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the three months ended 31 March 2016

	Notes	**Period Ended 31 March 2016 €m**	Period Ended 31 March 2015 (Unaudited) €m
Cash flows from operating activities			
Cash receipts from customers		**178.3**	59.0
Cash paid to suppliers and employees		**(209.9)**	(49.8)
Interest paid including initial costs and loan servicing		**(15.8)**	–
Corporate taxes paid		**(0.7)**	(0.2)
Net cash from operating activities		**(48.1)**	9.0
Cash flows from investing activities			
Interest received		**0.3**	–
Dividends received		**3.1**	–
Acquisition earn-out payments (Betboo)	19	**(0.6)**	(0.6)
Acquisition of bwin.party (net of cash acquired)	32	**(186.4)**	–
Acquisition of property, plant and equipment	8	**(0.5)**	(0.7)
Capitalised development costs and other intangibles	9	**(6.7)**	(1.2)
Decrease in short term investments	13	**4.4**	–
Net cash used in investing activities		**(186.4)**	(2.5)
Cash flows from financing activities			
Proceeds from interest bearing loan (Cerberus)	18	**380.0**	–
Non-interest bearing loan (from William Hill)	18	**(3.0)**	(0.1)
Proceeds from issue of share capital, net of costs		**192.0**	–
Repayment of borrowings	21, 32	**(38.9)**	(0.8)
Dividend paid	24	**–**	(7.6)
Net cash used in financing activities		**530.1**	(8.5)
Net increase/(decrease) in cash and cash equivalents		**295.6**	(2.0)
Exchange differences		**1.5**	(0.1)
Cash and cash equivalents at beginning of the period		**28.2**	17.8
Cash and cash equivalents at end of the period		**325.3**	15.7

Cash and cash equivalents

The balance at the end of the period of €325.3 million above consists of €307.9 million cash and cash equivalents as shown on the face of the consolidated statement of financial position and €17.4 million (2015: €nil) of cash and cash equivalents recognised within assets held for sale.

The notes on pages 91 to 142 form part of this historical financial information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION
for the period ended 31 March 2016

1. Significant accounting policies
2. Segmental reporting
3. Operating costs
4. Financial income and expenses
5. Dividend income
6. Taxation
7. Earnings per share
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10. Investments and available for sale financial assets
11. Derivative financial instruments: options
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14. Cash and cash equivalents
15. Assets and liabilities classified as held for sale
16. Trade and other payables
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27. Related parties
28. Group Structure
29. Contingent liabilities and capital commitments
30. Accounting estimates and judgements
31. Going concern
32. Business combinations

1. SIGNIFICANT ACCOUNTING POLICIES

This note sets out the significant accounting policies used in the preparation of this historical financial information, and identifies new accounting standards which will affect the Group.

GVC Holdings PLC is a company registered in the Isle of Man and was incorporated on 5 January 2010. It is the successor company of Gaming VC Holdings S.A., a company which had been incorporated in Luxembourg, and took the assets of Gaming VC Holdings S.A. on 21 May 2010 after formal approval by shareholders. The consolidated historical financial information of the Group for the three months ended 31 March 2016 comprise the Company and its subsidiaries (together referred to as the 'Group').

1.1 *Statement of Compliance*

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

The Directors have reviewed the accounting policies used by the Group and consider them to be the most appropriate. The accounting policies are consistent with the prior year with the exception of revisions and amendments to IFRS issued by the IASB, which are relevant to and effective for the annual period beginning 1 January 2016. There was no material effect on current, prior or future periods arising from the first-time application of these new requirements in respect of presentation, recognition and measurement which are described more fully in note 1.24.

1.2 *Basis of Preparation*

The Historical Financial Information, which comprises the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash flows and related notes, has been prepared under International Financial Reporting Standards as adopted by the European Union (IFRS) and those parts of the Isle of Man Companies Act 2006 applicable to companies reporting under IFRS. It does not constitute full accounts within the meaning of the Isle of Man Companies Act 2006.

The historical financial information is presented in the Euro, rounded to the nearest €0.1 million, and is prepared on the historical cost basis with the exception of those assets and liabilities carried at fair value. The historical financial information is prepared on the going concern basis (see note 31).

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

The preparation of historical financial information in conformity with IFRSs requires directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant accounting estimates and judgements are discussed in further detail in note 30.

The accounting policies set out below have been applied consistently to all periods presented in this consolidated historical financial information.

The accounting policies have been applied consistently by Group entities.

1.3 ***Basis of Consolidation***

1.3.1 *Subsidiaries*

The Group historical financial information consolidates that of the parent company and all of its subsidiaries as of 31 March 2016.

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

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

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

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

1.3.2 *Transactions Eliminated on Consolidation*

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

1.3.3 *Business Combinations*

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

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

i. deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

ii. liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share Based Payments at the acquisition date; and

iii. assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

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

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

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

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

1.4 ***Foreign Currency***

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

1.4.1 Foreign Currency Transactions

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the Euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Consolidated Income Statement within operating costs (note 3) and financial costs (note 4.1). Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

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

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

1.5 ***Property, Plant and Equipment***

1.5.1 *Owned Assets*

Property, plant and equipment is stated at cost, less accumulated depreciation (see 1.5.2 below) and impairment losses (see accounting policy 1.7). Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

1.5.2 *Depreciation*

Depreciation is charged to the Income Statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

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

The residual value, if significant, is reassessed annually.

1.6 ***Intangible Assets***

1.6.1 *Goodwill*

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

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

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

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

1.6.2 *Other Intangible Assets*

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

The cost of intangible assets acquired in a business combination is the fair value at acquisition date. The valuation methodology used for each type of identifiable asset category is detailed below:

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

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

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

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

1.6.3 *Subsequent Expenditure*

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. This includes legal and similar expenditure incurred in registering brands and trade names, which is capitalised, all other expenditure is expensed as incurred.

1.6.4 *Amortisation*

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and trademarks with an indefinite useful life are systematically tested for impairment on an annual basis. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Software licence agreements	2-15 years
Capitalised development expenditure	3-5 years
Trade-marks and trade names	12-15 years, or indefinite life
Non-contractual customer relationships	4 years

1.7 ***Impairment***

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes an estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Recoverable amount is the higher of fair value less costs to sell and value in use and is determined for an individual asset. If the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, the recoverable amount of the cash generating unit to which the asset belongs is determined. Discount rates reflecting the asset specific risks and the time value of money are used for the value in use calculation.

For goodwill and trademarks that have an indefinite useful life, the recoverable amount is estimated on an annual basis.

1.8 *Dividends Paid to Holders of Share Capital*

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

1.9 *Employee Benefits*

1.9.1 *Pension Costs*

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

1.9.2 *Share Options*

The Group has share option schemes which allow Group employees and contractors to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options.

The fair value of the options granted are measured using either a binomial or Monte Carlo valuation model. This valuation method takes into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest and market conditions if applicable.

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

See note 25 for further details of the schemes.

1.10 *Provisions*

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

1.11 *Revenue Recognition*

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

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

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

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

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

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

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

Revenue is also generated from foreign exchange commissions on customer deposits and withdrawals and account fees.

1.12 ***Financial Expenses***

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

1.13 ***Exceptional Items***

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

1.14 ***Financial Income***

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

1.15 ***Tax***

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

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

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

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

1.16 ***Segment Reporting***

The Board has reviewed and confirmed the Group's reportable segments in line with the requirements of IFRS 8 'Operating Segments'. Following the acquisition of bwin.party, the segments have been revised to reflect the activities of the enlarged Group. The segments disclosed below are those currently aligned with the reports the Group's Chief Executive reviewed during the period to make strategic decisions.

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

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

1.17 ***Financial Instruments***

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

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

1.17.1 *Non-Derivative Financial Assets and Liabilities*

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

1.17.2 *Short term investments*

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

1.17.3 *Cash and Cash Equivalents*

Cash and cash equivalents comprise cash balances and bank balances. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Accounting for financial income and financial expenses are discussed in notes 1.14 and 1.12 respectively.

1.17.4 *Available for Sale Financial Assets ('AFS')*

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

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

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

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

1.17.5 *Derivative Financial Instruments*

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

1.17.6 *Impairment of Financial Assets*

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

Objective evidence of impairment could include:

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

1.18 ***Equity***

Equity comprises the following:

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

'Share premium' represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue, including that arising in the acquisition of bwin.party.

'Retained earnings' represents retained profits.

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

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

1.19 ***Finance leases***

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

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

1.20 ***Operating leases***

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

1.21 ***Assets classified as held for sale***

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

1.22 ***Investments in joint ventures***

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

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

1.23 ***Investments in associates***

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

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

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

1.24.1 *Amendments to IFRS 11 Joint Arrangements*

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

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

1.24.2 *Disclosure Initiative: Amendments to IAS 1 Presentation of Financial Statements*

These amendments provide guidance on the materiality considerations to apply to all parts of the financial statements and the extent to which line items can be aggregated and disaggregated.

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

1.25 ***Standards in issue, not yet effective***

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

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

1.25.1 *IFRS 9 'Financial Instruments' (2014)*

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

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

1.25.2 *IFRS 15 'Revenue from Contracts with Customers'*

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

1.25.3 *IFRS 16 'Leases'*

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

1.25.4 *Disclosure Initiative: Amendments to IAS 7 Statement of Cash Flows*

This amendment requires entities to disclose additional information on certain changes in liabilities arising from financing activities. It will be effective from 1 January 2017. The Group's management have not yet assessed the impact of the amendment on this consolidated historical financial information.

2. SEGMENTAL REPORTING

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

Management also monitors revenue by geographic location of its customers.

2.1 *Geographical Analysis*

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

	Period ended 31 March 2016	Period ended 31 March 2015 (Unaudited)
	€m	€m
Germany	**35.8**	8.8
Turkey	**23.9**	21.1
UK	**12.6**	1.7
Other	**88.5**	27.8
Total	**160.8**	59.4

At 31 December 2015, the total non-current assets (other than financial instruments, investments accounted for using the equity method, deferred tax assets and post-employment benefit assets) located in Europe was €103,350,000 and the total located in other regions was €55,816,000. Given the recent significant changes in composition of the Group, this information is not available for the period to 31 March 2016.

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

2.2 ***Reporting by Segment***

Period ending 31 March 2016:

	Sports labels €m	Games labels €m	Studios €m	Total core €m	Non-core €m	Corporate €m	**Total €m**
Revenue	*117.8*	*35.6*	*2.8*	156.2	4.6	–	**160.8**
Variable costs	*(55.3)*	*(20.3)*	*(0.1)*	(75.7)	(4.5)	0.2	**(80.0)**
Contribution	*62.5*	*15.3*	*2.7*	80.5	0.1	0.2	**80.8**
Contribution margin	*53%*	*43%*	*96%*	*52%*	*2%*	*0%*	***50%***
Other operating costs:							
Personnel expenditure	*(7.3)*	*(2.5)*	*(11.6)*	(21.4)	(2.1)	(2.7)	**(26.2)**
Professional fees	*(0.4)*	*(0.2)*	*(0.3)*	(0.9)	(0.3)	(2.3)	**(3.5)**
Technology costs	*(2.1)*	*(1.9)*	*(11.7)*	(15.7)	(0.4)	1.2	**(14.9)**
Office, travel and other costs	*(0.6)*	*(0.2)*	*(0.7)*	(1.5)	(0.6)	(3.0)	**(5.1)**
Foreign exchange differences	*0.3*	*(0.6)*	*0.3*	–	1.7	0.4	**2.1**
Clean EBITDA	***52.4***	***9.9***	***(21.3)***	**41.0**	**(1.6)**	**(6.2)**	**33.2**

Period ending 31 March 2015:

	Sports labels €m	Games labels €m	Studios €m	Total core €m	Non-core €m	Corporate €m	**Total €m**
Revenue	*50.8*	*8.6*	–	59.4	–	–	**59.4**
Variable costs	*(24.3)*	*(3.0)*	–	(27.3)	–	–	**(27.3)**
Contribution	*26.5*	*5.6*	–	32.1	–	–	**32.1**
Contribution margin	*52%*	*65%*	–	*54%*	–	–	***54%***
Other operating costs:							
Personnel expenditure	*(4.8)*	*(1.0)*	*(3.2)*	(9.0)	–	(3.1)	**(12.1)**
Professional fees	*(0.1)*	–	–	(0.1)	–	(1.0)	**(1.1)**
Technology costs	*(0.7)*	*(0.3)*	*(4.9)*	(5.9)	–	–	**(5.9)**
Office, travel and other costs	*(0.4)*	*(0.2)*	*(0.4)*	(1.0)	–	(0.2)	**(1.2)**
Foreign exchange differences	*(0.2)*	*0.1*	–	(0.1)	–	(0.4)	**(0.5)**
Clean EBITDA	***20.3***	***4.2***	***(8.5)***	**16.0**	**–**	**(4.7)**	**11.3**

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

2.3 ***Detailed income statement***

SEGMENTAL REPORTING	Notes	**Period ended 31 March 2016 €m**	Period ended 31 March 2015 (Unaudited) €m
Net Gaming Revenue		**160.8**	59.4
Variable costs*		**(80.0)**	(27.3)
Contribution		**80.8**	32.1
Contribution margin		***50%***	*54%*
Other operating costs	3		
Personnel expenditure (including incentive arrangements)		**(26.2)**	(12.1)
Professional fees		**(3.5)**	(1.1)
Technology costs		**(14.9)**	(5.9)
Office, travel and other costs		**(5.1)**	(1.2)
Third party service costs		**–**	–
Foreign exchange differences		**2.1**	(0.5)
Clean EBITDA		**33.2**	11.3
Exceptional items	3	**(65.5)**	–
Share option charges	3	**(3.0)**	–
Change in value of available for sale asset	9	**(3.1)**	–
Movement in fair value of derivative financial instruments	10	**(1.6)**	3.1
EBITDA		**(40.0)**	14.4
Depreciation and amortisation	3	**(26.3)**	(1.2)
Financial income	4	**0.3**	–
Financial expense	4	**(11.6)**	(0.7)
Dividend income		**3.1**	–
Share of profit/(loss) of associate		**0.1**	–
(Loss)/profit before tax		**(74.4)**	12.5
Taxation	5	**0.5**	(0.2)
(Loss)/profit after tax from continuing operations		**(73.9)**	12.3

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

3. OPERATING COSTS

	Notes	**Period ended 31 March 2016 €m**	Period ended 31 March 2015 (Unaudited) €m
Wages and salaries, including Directors (excluding incentive schemes)		**17.1**	6.0
Incentive schemes, including Directors		**1.5**	4.0
Amounts paid to long term contractors		**3.9**	0.9
Compulsory social security contributions		**2.4**	0.5
Compulsory pension contributions		**0.1**	0.2
Health and other benefits		**0.8**	0.2
Recruitment and training		**0.4**	0.3
Personnel expenditure (excluding share option charges)		**26.2**	12.1
Professional fees		**3.5**	1.1
Technology costs		**14.9**	5.9
Office, travel and other costs		**5.1**	1.2
Foreign exchange differences on operating activity		**(2.1)**	0.5
Administrative costs		**47.6**	20.8
Equity settled share option charges	24	**2.6**	0.1
Cash settled share option (credit)/charges	24	**0.4**	(0.1)
Exceptional items	3.1	**65.5**	–
Change in value of available for sale asset	10	**3.1**	–
Movement in the fair value of derivative financial instruments	11	**1.6**	(3.1)
Depreciation	8	**3.8**	0.2
Amortisation	9	**22.5**	1.0
		147.1	18.9

3.1 ***Exceptional Items***

The Group incurred expenditure on exceptional items (as defined in accounting policy note 1.13) of €65.5 million (Period ended 31 March 2015: €nil). These are items which are both exceptional in size and nature.

	Period ended 31 March 2016	Period ended 31 March 2015 (Unaudited)
	€m	€m
Acquisition of bwin.party		
– Legal advice	**1.2**	–
– Financial advisors	**10.9**	–
Total professional fees	**12.1**	–
– Currency option, including fair value adjustment (see note 3.1.2)	**10.8**	–
– Bonuses and share options (see note 3.1.1)	**21.4**	–
– Legal fees for securitisation	**1.0**	–
– Foreign exchange differences	**8.6**	–
Total acquisition costs	**53.9**	–
Non-deal income/expenditure		
– Premium Listing application costs	**2.4**	–
– Reorganisation costs	**1.6**	–
– Progressive jackpots (see note 30.7)	**7.6**	–
Total non-acquisition costs	**11.6**	–
Total exceptional items	**65.5**	–

3.1.1 *Transaction bonuses and share options*

	Period ended 31 March 2016	Period ended 31 March 2015 (Unaudited)
	€m	€m
2014 share option plan rolled into share placing*	**18.4**	–
Transaction bonuses rolled into share placing**	**3.0**	–
	21.4	–

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

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

3.1.2 Currency option

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

At 31 March 2016 there were other forward exchange contracts taken out in the ordinary course of business with a fair value liability of €1.2 million. The cost of these options is included within administrative costs and not treated as an exceptional cost.

3.2 ***Employees***

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

	Period ended 31 March 2016	Period ended 31 March 2015 (Unaudited)
Number of personnel		
With employment contracts or service contracts	**1,798**	532
Contractors	**392**	47
	2,190	579

The number of employees and contractors for the enlarged Group as at 31 March 2016 was c.3,100.

4. FINANCIAL INCOME AND EXPENSE

	Period ended 31 March 2016	Period ended 31 March 2015 (Unaudited)
	€m	€m
Financial income – interest income	**0.3**	–
	0.3	–
Financial expense – interest payable		
– Unwinding of discount on non-interest bearing loan	**0.1**	0.1
– Foreign exchange revaluation (see note 4.1)	**–**	0.6
– Interest on Cerberus loan*	**12.3**	–
– Amortisation of the early repayment option	**(0.8)**	–
	11.6	0.7

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

4.1 ***Foreign exchange differences***

The foreign exchange differences above arose as follows:

	Period ended 31 March 2016	Period ended 31 March 2015 (Unaudited)
	€m	€m
Retranslation of the William Hill non-interest bearing loan	**–**	0.5
Retranslation of amounts due in respect of finance leases	**–**	0.1
	–	0.6

5. DIVIDEND INCOME

Dividends were received in the period from the Aldorino Trust in respect of the investment in Betbull.

	Period ended 31 March 2016	Period ended 31 March 2015 (Unaudited)
	€m	€m
Dividend income	**3.1**	–

6. TAXATION

Current tax for the current and prior periods is classified as a current liability to the extent that it is unpaid. Amounts paid in excess of amounts owed are classified as a current asset. There is a current tax liability from continuing operations of €8.3 million (net of tax receivable amounts) at 31 March 2016 (31 December 2015: Current tax liability from continuing operations of €1.3 million (net of tax receivable amounts)).

	Period ended 31 March 2016	Period ended 31 March 2015 (Unaudited)
	€m	€m
Current tax expense		
Current period	**(1.0)**	(0.2)
Prior period	**–**	–
	(1.0)	(0.2)
Deferred tax		
Origination and reversal of temporary differences	**1.5**	–
Total income tax credit/(expense) in income statement	**0.5**	(0.2)

The tax for the period is different from that which would result from applying the standard rate of UK Corporation Tax of 20% (2015: 21%). A reconciliation is shown below:

	Period ended 31 March 2016	Period ended 31 March 2015 (Unaudited)
	€m	€m
(Loss)/profit before tax	**(74.4)**	12.5
Income tax using the domestic corporation tax rate	**(14.9)**	2.6
Effect of tax rates in foreign jurisdictions (rates decreased)	**10.3**	(2.4)
Tax adjustments including those arising from tax losses	**4.1**	–
Adjustment in respect of prior years – corporation tax	**–**	–
Tax (credit)/charge	**(0.5)**	0.2

6.1 *Current Taxation Amounts Recognised in the Statement of Financial Position*

	Current Tax		
	Payable €m	Receivable €m	**Total €m**
Balances at 1 January 2015	(5.0)	3.9	**(1.1)**
Paid/(received) during the year ended 31 December 2015	2.1	(1.4)	**0.7**
Credit/(charge) in income statement for prior periods	0.1	(0.2)	**(0.1)**
(Charge)/credit in income statement for the year ended 31 December 2015	(4.5)	3.7	**(0.8)**
Balances at 31 December 2015	(7.3)	6.0	**(1.3)**
Acquired in business combination	(6.8)	–	**(6.8)**
Paid/(received) during the period ended 31 March 2016	0.7	–	**0.7**
Credit/(charge) in income statement for prior periods	–	–	**–**
(Charge)/credit in income statement for the period ended 31 March 2016	(1.0)	–	**(1.0)**
Transfer to Liabilities held for sale	0.1	–	**0.1**
Balances at 31 March 2016	**(14.3)**	**6.0**	(8.3)

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

Unrelieved trading tax losses remain available to offset against future trading profits of a minimum of €50.0 million (31 December 2015: €43.9 million).

6.2 *Deferred Taxation Amounts Recognised in the Statement of Financial Position*

	Deferred tax		
	Asset €m	Liability €m	**Total €m**
Balances at 1 January 2015 and 31 December 2015	–	–	**–**
Acquired in business combination	1.9	(2.0)	**(0.1)**
Arising on Intangible fixed assets acquired in business combination	–	(79.4)	**(79.4)**
(Charge)/credit in income statement for the period ended 31 March 2016	(1.3)	2.8	**1.5**
Transfer to Liabilities held for sale	–	1.7	**1.7**
Balances at 31 March 2016	**0.6**	**(76.9)**	(76.3)

7. EARNINGS PER SHARE

7.1 *Basic Earnings Per Share and Basic Earnings Per Share Before Exceptional Items*

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

	Period ended 31 March 2016	Period ended 31 March 2015 (Unaudited)
(Loss)/profit for the period attributable to ordinary shareholders (€m)	**(73.8)**	12.3
Weighted average number of shares (m)	**210.7**	61.3
Basic earnings per share (€)	**(0.350)**	0.200
Exceptional items (€m)	**65.5**	–
(Loss)/profit for the period attributable to ordinary shareholders before exceptional items (€m)	**(8.3)**	12.3
Basic earnings per share before exceptional items (€)	**(0.039)**	0.200

7.2 *Diluted Earnings Per Share and Diluted Earnings Per Share Before Exceptional Items*

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

	Period ended 31 March 2016	Period ended 31 March 2015 (Unaudited)
(Loss)/profit for the period attributable to ordinary shareholders (€m)	**(73.8)**	12.3
Weighted average number of shares (m)	**210.7**	61.3
Effect of dilutive share options (m)	**–**	3.2
Weighted average number of dilutive shares (m)	**210.7**	64.5
Diluted earnings per share (€)	**(0.350)**	0.190
Exceptional items (€m)	**65.5**	–
(Loss)/profit for the period attributable to ordinary shareholders before exceptional items (€m)	**(8.3)**	12.3
Diluted earnings per share before exceptional items (€)	**(0.039)**	0.190

Share options that could potentially dilute basic earnings per share but were not included because they are antidilutive for the period ending 31 March 2016 amounted to 1.7 million effective shares (2015: nil).

8. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings €m	Plant and Equipment €m	Fixtures and Fittings €m	Total €m
Cost				
At 1 January 2015	–	2.3	1.4	3.7
Additions	–	1.1	0.1	1.2
At 31 December 2015	–	3.4	1.5	4.9
Additions	–	–	0.5	0.5
Acquisition of subsidiaries	4.9	–	39.6	44.5
Disposals	–	–	(0.5)	(0.5)
Exchange movements	–	–	(0.9)	(0.9)
Reclassified as assets held for sale	–	–	(2.5)	(2.5)
At 31 March 2016	**4.9**	**3.4**	**37.7**	**46.0**
Depreciation				
At 1 January 2015	–	1.5	1.1	2.6
Depreciation charge for the period	–	0.7	0.2	0.9
At 31 December 2015	–	2.2	1.3	3.5
Depreciation charge for the period	0.3	0.2	3.3	3.8
Disposals	–	–	(0.5)	(0.5)
Exchange movements	–	–	(0.1)	(0.1)
Reclassified as assets held for sale	–	–	(0.2)	(0.2)
At 31 March 2016	**0.3**	**2.4**	**3.8**	**6.5**
Net Book Value				
At 31 December 2015	–	1.2	0.2	1.4
At 31 March 2016	**4.6**	**1.0**	**33.9**	**39.5**

The net book value of items held under finance leases was €0.4 million at 31 March 2016 (31 December 2015: €0.5 million).

9. INTANGIBLE ASSETS

	Leased Software Licence €m	*Owned Software Licence €m*	Total Software Licence €m	Goodwill €m	Trade-marks & Trade Name €m	Consulting & Magazine €m	Non-contractual Customer Relationships €m	**Total €m**
Cost								
At 1 January 2015	*1.1*	*26.4*	27.5	166.2	17.0	4.9	2.4	218.0
Additions	–	*5.0*	5.0	–	–	–	–	5.0
At 31 December 2015	*1.1*	*31.4*	32.5	166.2	17.0	4.9	2.4	**223.0**
Additions	–	*6.3*	6.3	–	–	–	–	6.3
Acquisition of subsidiaries	–	*224.0*	224.0	957.0	176.0	–	208.0	1,565.0
Reclassified as assets held for sale	–	*(2.0)*	(2.0)	(6.5)	–	–	(12.0)	(20.5)
At 31 March 2016	***1.1***	***259.7***	**260.8**	**1,116.7**	**193.0**	**4.9**	**198.4**	**1,773.8**
Amortisation and Impairment								
At 1 January 2015	*0.4*	*21.5*	21.9	33.3	1.3	4.9	2.3	63.7
Amortisation	*0.4*	*3.5*	3.9	–	0.2	–	0.1	4.2
At 31 December 2015	*0.8*	*25.0*	25.8	33.3	1.5	4.9	2.4	**67.9**
Amortisation	*0.1*	*11.2*	11.3	–	2.5	–	8.7	22.5
Reclassified as assets held for sale	–	*(0.1)*	(0.1)	–	–	–	(0.5)	(0.6)
At 31 March 2016	***0.9***	***36.1***	**37.0**	**33.3**	**4.0**	**4.9**	**10.6**	**89.8**
Net Book Value								
At 31 December 2015	*0.3*	*6.4*	6.7	132.9	15.5	–	–	155.1
At 31 March 2016	***0.2***	***223.6***	**223.8**	**1,083.4**	**189.0**	**–**	**187.8**	**1,684.0**

Certain intangible assets are deemed to have an indefinite useful life as there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. The carrying amounts of such assets at 31 March 2016 were as follows:

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

9.1 *Amortisation*

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

	Period Ended 31 March 2016 €m	Period Ended 31 March 2015 (Unaudited) €m
Net operating expenses	**22.5**	0.9

9.2 *Impairment Tests for Cash-Generating Units Containing Goodwill and Trademarks*

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

At 31 December 2015 the following assumptions were used in the impairment reviews:

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

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

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

The following units have significant carrying amounts of goodwill:

	31 March 2016 €m	31 December 2015 €m
Betboo	**8.3**	8.3
CasinoClub	**40.4**	40.4
Sportingbet	**84.2**	84.2
Bwin Sportsbook	**614.9**	–
Bwin Gaming	**244.1**	–
Bwin other	**91.5**	–
Total Goodwill	**1,083.4**	132.9

10. INVESTMENTS AND AVAILABLE FOR SALE (AFS) FINANCIAL ASSETS

Where an entity holds, directly or indirectly through subsidiaries, less than 20 per cent of the voting power of an investee, it is presumed that the entity does not have significant influence and therefore an investment does not qualify as an associate unless such influence can be clearly demonstrated. Where an entity holds more than 20 per cent of the voting power of an investee, further assessments are required to evaluate the level of influence and control.

	AFS 2016 €m	Investments 2016 €m	**Total 2016 €m**	Total AFS 2015 €m
At 1 January	2.6	–	**2.6**	3.8
Acquisition through business combination	3.5	1.0	**4.5**	–
Share of profit	–	0.1	**0.1**	–
Movement in fair value	0.1	–	**0.1**	–
Change in value of investment following dividend	(3.1)	–	**(3.1)**	–
Impairment	–	–	**–**	(1.2)
At 31 March 2016 / 31 December 2015	3.1	1.1	**4.2**	2.6

10.1 ***Betit investment***

On 14 May 2014, the Group acquired a 15% stake in Betit Holdings Limited ('BHL') from Betit Securities Limited ('BSL'). The consideration was for €3.5 million, which was attributed to both the available for sale asset (€5.2 million) and the option liability (€1.7 million) taken on at acquisition. The asset held for sale consideration, together with professional fees incurred at the time, amounted to a total upfront cost of €5.4 million which was impaired at 31 December 2015 to €2.6 million.

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

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

In valuing the underlying business of BHL, a discounted cash flow model was used, applying a long-term growth rate of 2% (2015: 2%) to the Group's forecasts and a discount rate of 18% (2015: 18%) (based on comparison to industry peers and observable inputs). Based on this model, the value as at 31 March 2016 of the available for sale asset was €2.7 million, an increase since 31 December 2015 of €0.1 million.

10.2 ***Bwin Available For Sale assets (AFS)***

The value of bwin.party's AFS on acquisition was €3.5 million. The value of these has decreased by €3.1 million during the period, principally as a result of the dividend declared by the Aldorino Trust of €3.1million which resulted in the full impairment of the Betbull investment. The remaining AFS assets have been valued using a discounted cash flow. The significant unobservable inputs are the weighted average cost of capital, cash flow forecasts and long term growth rates.

10.3 ***Associates***

The value of bwin.party's associates on acquisition was €1.0 million. The value of this investment had increased by €0.1 million by 31 March 2016.

11. DERIVATIVE FINANCIAL INSTRUMENTS: OPTIONS

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

The Betit option was acquired in the prior year as part of the asset purchase set out in note 10.

A summary of the movement in the option values during the period and the balances at 31 March 2016 is shown below:

	Winunited option €m	Early repayment option €m	Betit option €m	**Total €m**
Balance at 1 January 2015	–	–	(1.7)	(1.7)
Movement in fair value	3.8	–	1.0	4.8
Balance at 31 December 2015	3.8	–	(0.7)	3.1
Recognised on loan draw-down	–	7.4	–	7.4
Movement in fair value	(0.4)	–	(1.2)	(1.6)
Balance at 31 March 2016	**3.4**	**7.4**	**(1.9)**	**8.9**
Split:				
Current asset	3.4	7.4	–	**10.8**
Non-current liability	–	–	(1.9)	**(1.9)**

11.1 ***Winunited option***

At 31 March 2016 the option was valued by a third party valuation specialist using a Monte Carlo valuation model and two methodologies: a discounted cash flow and a multiples based calculation. A long-term growth rate of 1.5% was assumed (31 December 2015: 2%), and a discount rate of 14% (31 December 2015: 15%) based on industry peers and observable inputs. Based on this model, the value of the call option at 31 March 2016 was €3.4 million (31 December 2015: €3.8 million). This increase in the fair value of the option has been recognised in the income statement in accordance with IAS 39.

11.2 ***Cerberus loan early repayment option***

On 2 February 2016 a further €380 million was drawn down under the Cerberus loan facility. The facility has a repayment date of 4 September 2017 but may be repaid at any date. Early repayment will change the profile and size of the cash payments and this feature has been identified as an embedded derivative therefore separated from the host contract. Changes in the Group's credit rating will have an impact on the value of the option for early repayment. The option has been valued by a third party valuation specialist based on the contracted cash flows under the terms of the facility and applying a probability weighted measure to the cost saving opportunities. The value of the early repayment at inception and at 31 March 2016 was €7.4 million.

11.3 ***Betit option***

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

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

The Group engaged a third party valuations specialist to value the options using a Monte Carlo valuation model based on the enterprise value for BHL and modelling of the anticipated exercise price. In valuing the underlying business of BHL, a discounted cash flow model was used, applying a long-term growth rate of 2% (2015: 2%) to the Group's forecasts and a discount rate of 18% (2015: 18%) (based on comparison to industry peers and observable inputs). Based on this model, the fair value of the put and call options was a net liability of €1.9 million (31 December 2015: €0.7 million), leading to a movement in the fair value of €1.2 million.

12. RECEIVABLES AND PREPAYMENTS

	31 March 2016 €m	31 December 2015 €m
Balances with payment processors	**53.3**	21.7
Trade receivables	**0.1**	0.1
Contingent consideration	**5.5**	–
Other receivables	**30.3**	1.3
Loans and receivables	**89.2**	23.1
Prepayments	**18.3**	11.5
Current assets: trade and other receivables	**107.5**	34.6

	31 March 2016 €m	31 December 2015 €m
Contingent and deferred consideration	**6.5**	–
Non-current assets: trade and other receivables	**6.5**	–

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

Contingent and deferred consideration balances were acquired in the bwin.party business combination.

Prepayments include payments as at 31 March 2016 for goods or services which will be consumed after 1 April 2016.

13. SHORT TERM INVESTMENTS

	31 March 2016 €m	31 December 2015 €m
At 1 January	**–**	–
Acquired in business combination	**15.6**	–
Transferred to Assets Held for Sale	**(5.8)**	–
Decrease in the period	**(4.4)**	–
	5.4	–

Short term investments represent cash held as guarantees for regulated markets' licences and significant marketing contracts together with client funds held for payment service provider transactions. These funds cannot be freely accessed by the Group and so are not treated as cash or cash equivalents.

14. CASH AND CASH EQUIVALENTS

	31 March 2016 €m	31 December 2015 €m
Cash and cash equivalents		
Bank balances	**307.9**	28.2
Held in the following currencies (in Euro equivalents at the reporting date):		
Euro	**125.2**	18.6
British Pounds	**143.1**	6.6
Swiss Francs	**11.7**	0.9
US Dollars	**7.9**	–
Other	**20.0**	2.1
	307.9	28.2
Balances with customers:		
– Restricted cash	**11.8**	6.8
Balances with customers	**11.8**	6.8
Own funds	**296.1**	21.4
	307.9	28.2

Restricted cash is held by the Group for regulatory purposes but can be directly accessed by the Group without requiring prior approval from the regulator.

Cash of €17.4 million is held within a disposal group classified as an asset held for sale, as shown in note 15, and is not included in the cash and cash equivalents balance of €307.9 million shown above.

15. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

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

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

The carrying value of the Conspo investment of €3.9 million represents the lower of cost and the current fair value. The assets held for sale are disclosed in the table below. Management are actively pursuing a disposal within the next few months.

	Assets held-for-sale €m	Liabilities held-for-sale €m	Total €m
As at 31 December 2015	–	–	–
Acquisition in business combination	12.3	–	12.3
Reclassified as held-for-sale	55.7	(22.9)	32.8
As at 31 March 2016	**68.0**	**(22.9)**	**45.1**
Consisting of:			
Kalixa disposal group held for sale	64.1	(22.9)	**41.2**
Conspo asset held for sale	3.9	–	**3.9**

The major classes of assets and liabilities held for sale as at 31 March 2016 are:

	Assets held-for-sale €m	Liabilities held-for-sale €m	Total €m
Investment in Visa	8.4	–	8.4
Investment in Conspo	3.9	–	3.9
Intangible fixed assets	20.3	–	20.3
Property, Plant and Equipment	2.3	–	2.3
Trade and other receivables	9.9	–	9.9
Short term investments	5.8	–	5.8
Cash and cash equivalents	17.4	–	17.4
Trade and other payables	–	(15.9)	(15.9)
Client liabilities	–	(5.2)	(5.2)
Income tax payable	–	(0.1)	(0.1)
Deferred tax	–	(1.7)	(1.7)
As at 31 March 2016	**68.0**	**(22.9)**	**45.1**

16. TRADE AND OTHER PAYABLES

	31 March 2016 €m	31 December 2015 €m
Other trade payables	**56.5**	12.7
Accruals	**36.8**	19.3
Current liabilities: trade and other payables	**93.3**	32.0

17. BALANCES WITH CUSTOMERS AND PROGRESSIVE PRIZE POOLS

	31 March 2016 €m	31 December 2015 €m
Balances with customers	**108.9**	14.8
Progressive prize pools	**16.6**	–
	125.5	14.8

Balances with customers and progressive prize pools represent amounts due to customers including net deposits received, undrawn winnings, progressive jackpots and tournament prize pools and certain promotional bonuses.

18. LOANS AND BORROWINGS

18.1 *Interest bearing loan*

On 4 September 2015, the Group entered into an agreement with Cerberus Business Finance LLC for a loan of up to €400m, in order to part-fund the proposed acquisition of bwin.party. Under the terms of the loan, a 'Hedging Loan' of up to €20m could be drawn on in advance of the acquisition, in order to fund a hedging arrangement for the conversion of the loan funds into GBP and to pay for initial costs including loan arrangement fees. Accordingly, €20m was drawn down immediately on entering into the contract. The balance of €380m was drawn down on 1 February 2016. As at 31 March 2016, the full amount of the loan was to be repaid by September 2017; after the end of the reporting period, an extension to the loan repayment date to April 2018 was agreed on similar terms.

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

As set out in note 11.2, there is an option to repay the loan during the loan period which has been treated as an embedded derivative. This has been valued as an asset of €7.4 million. The value of this embedded derivative has been added to the initial cost of the loan and is therefore included in the amortised cost.

	Principal €m	**Effective interest €m**	**Early repayment option €m**	**Total €m**
Loan balance at 1 January 2015 and 31 March 2015	–	–	–	–
Initial drawdown	20.0	–	–	**20.0**
Initial costs and loan servicing fees paid	–	(0.8)	–	**(0.8)**
Interest instalments paid to 31 December 2015	–	(0.6)	–	**(0.6)**
Effective interest due to 31 December 2015	–	1.2	–	**1.2**
Loan balance at 31 December 2015	20.0	(0.2)	–	**19.8**
Loan drawdown	380.0	–	–	**380.0**
Recognition of embedded derivative	–	–	7.4	**7.4**
Initial costs and loan servicing fees paid	–	(15.2)	–	**(15.2)**
Interest instalments paid to 31 March 2016	–	(0.6)	–	**(0.6)**
Effective interest due to 31 March 2016	–	12.3	–	**12.3**
Amortisation of early repayment option	–	–	(0.8)	**(0.8)**
Loan balance at 31 March 2016	**400.0**	**(3.7)**	**6.6**	**402.9**

Split between:	**31 March 2016 €m**	31 December 2015 €m
Current liabilities	**–**	–
Non-current liabilities	**402.9**	19.8

18.2 ***Non-interest bearing loan***

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

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

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

	2016 Base Currency £m	**2016 Total €m**	2015 Base Currency £m	2015 Total €m
Loan balance at 1 January	**2.3**	**3.1**	4.6	5.8
Repayment during the period	**(2.3)**	**(3.1)**	(2.3)	(3.2)
Revaluation at period end exchange rate	**–**	**–**	–	0.5
Loan balance at 31 March 2016/ 31 December 2015	**–**	**–**	2.3	3.1
Undiscounted payments due within 12 months:	**–**	**–**	2.3	3.1
Loan balance before discount		**–**		3.1
Discount on recognition of the loan		**(0.8)**		(0.8)
Unwinding of discount to date		**0.8**		0.7
Loan balance at 31 March 2016/ 31 December 2015		**–**		3.0

Split:	**31 March 2016 €m**	31 December 2015 €m
Current liabilities	**–**	3.0
Non-current liabilities	**–**	–

19. DEFERRED AND CONTINGENT CONSIDERATION

	2016 €m	2015 €m
Betboo deferred consideration	**1.0**	1.6
WPT contingent consideration	**4.8**	–
Balance at 31 March 2016 / 31 December 2015	**5.8**	1.6
Split:		
Current liabilities	**1.5**	1.6
Non-current liabilities	**4.3**	–

19.1 ***Betboo deferred consideration***

On 2 July 2009, the Group acquired the trade and assets of betboo.com, a leading South American internet gaming operator, offering bingo, casino, poker and a sports betting product. The terms of the acquisition were an initial payment of US$4 million (€2.9 million) with the sellers able to earn up to a further US$26 million depending on performance.

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

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

- An earn-out dependent on certain revenue shares with a floor of €0.2 million per month for the 40 months ending 31 January 2017. There are also further earn-out payments that stretch to the earlier of:

  (a) the date on which the total earn-outs reach €21.4 million

  (b) 40 months after 31 January 2017

- The total earn-out cap remains at €21.4 million, which is now expected to be reached in August 2016.

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

	€m
Acquisition price of Betboo	
Initial consideration	2.9
Deferred consideration	18.5
Total consideration	21.4
Acquisition costs	0.3
Original cost on acquisition	**21.7**

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

	Prior periods €m	31 December 2014 €m	31 December 2015 €m	**31 March 2016 €m**	**31 December 2016 €m**	**Total €m**
Balance at start of period	–	7.5	3.9	**1.6**	**1.0**	**–**
Deferred consideration	9.9	–	–	**–**	**–**	**9.9**
Unwinding of discount charged to income statement	7.8	0.7	0.1	**–**	**–**	**8.6**
Payments made	(10.2)	(4.3)	(2.4)	**(0.6)**	**–**	**(17.5)**
Payments anticipated	–	–	–	**–**	**(1.0)**	**(1.0)**
Balance at end of period	7.5	3.9	1.6	**1.0**	**–**	**–**

Total payments to date and anticipated are as follows:

	Total €m
At acquisition	2.9
Up to 31 December 2015	16.9
Up to 31 March 2016	0.6
Anticipated future payments	1.0
Total (Cap = €21,381,227)	21.4

19.2 ***WPT contingent consideration***

Contingent consideration of €4.8 million relates to amount payable for the acquisition of WPT. The non-discounted book values for these amounts are as follows:

	31 March 2016 €m	31 December 2015 €m
Within one year	**0.6**	–
Later than one year but not more than five years	**4.9**	–
	5.5	–

20. PROVISIONS

	31 March 2016 €m	31 December 2015 €m
Provisions recognised on business combination	**10.6**	–
	10.6	–

Provisions relate to onerous contracts and leases, where the future economic benefits are less than the costs to be incurred, and legal provisions recognised at fair value as part of the business combination. Further details on the largest legal provision are set out in note 20.1. There have been no movements in the provisions since the acquisition of bwin.party.

20.1 ***Portuguese Casino Association ("APC")***

On 16 October 2014, the Portuguese Supreme Court confirmed a ruling of the Oporto Court of First Instance of September 2011 against Liga Portuguesa de Futebol Profissional ('Liga'), bwin.party digital entertainment plc and bwin.party services (Gibraltar) Ltd (together 'bwin.party'). In this initial ruling the first instance Court had (i) declared the (meanwhile already terminated) sponsorship agreement between bwin.party and the Liga 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 da Misericórdia de Lisboa, and (v) ordered the publishing of the ruling and the notification of Portuguese media organisations.

In June 2012, APC initiated enforcement proceedings against the Liga and bwin.party, requesting the payment of pecuniary sanctions in the total amount of €6.35 million for the alleged violation of the first instance court judgment during the period between 24 September 2011 and 31 January 2012. The Liga and bwin.party remain firmly of the view that such enforcement action is without merit. The legal process is still ongoing. Due to the inherent uncertainty in legal proceedings, on acquisition of bwin.party in February 2016 the Group recognised a provision for the legal case of €3.2 million on a fair value basis.

21. OTHER TAXATION PAYABLE

	31 March 2016 €m	31 December 2015 €m
Social security	**1.3**	0.7
Betting taxes	**34.6**	1.3
	35.9	2.0

22. COMMITMENTS UNDER OPERATING AND FINANCE LEASES

22.1 ***Finance Leases***

In June 2014 the Group entered into a finance lease for the purchase of computer hardware and software together with support services for these, in addition to a lease taken out in June 2013. As at 31 March 2016 life outstanding on the 2013 lease was two months and the 2014 lease was six months. In January 2015 the Group entered into an additional finance lease for the purchase of hardware and software. The life outstanding on this lease at 31 March 2016 was nine months.

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

31 March 2016	Within 1 year €m	1 to 5 years €m	**Total €m**
Lease payments	**0.3**	**–**	**0.3**
Finance charges	**–**	**–**	**–**
Net present values	**0.3**	**–**	**0.3**

31 December 2015	Within 1 year €m	1 to 5 years €m	**Total €m**
Lease payments	0.7	–	0.7
Finance charges	–	–	–
Net present values	0.7	–	0.7

Date lease taken out	**Amount of finance provided €m**	**Balance at 31 March 2016 €m**	**Expiry date**	**Borrowing rate**
June 2013	2.1	**–**	June 2016	8.5%
June 2014	0.6	**–**	September 2016	5.5%
January 2015	0.7	**0.3**	December 2016	8.9%
	3.4	**0.3**		

22.2 ***Operating Leases***

The Group leases various offices under non-cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights. All operating lease commitments relate to land and buildings.

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

	31 March 2016 €m	31 December 2015 €m
No later than one year	**7.8**	1.2
Later than one year and no later than five years	**18.3**	0.6
More than five years	**6.7**	–
	32.8	1.8

23. SHARE CAPITAL AND RESERVES

23.1 *Share Capital*

On 1 February 2016 the Group acquired 100% of the share capital of bwin.party digital entertainment plc ("bwin.party"), an online gaming company traded on the Main Market of the London Stock Exchange and listed on the Official List (Premium Segment), for total consideration of €1,504.1 million as set out in note 32. Under the terms of the acquisition, each bwin.party shareholder received 25p plus 0.231 new GVC shares for each bwin.party share. The total bwin.party shareholding was 843.5 million shares; accordingly, the Group issued 194.8 million new shares to bwin.party shareholders.

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

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

The authorised and issued share capital is:

	31 March 2016 €m	31 December 2015 €m
Authorised		
Ordinary shares of €0.01 each		
At 31 March 2016 – 350,000,000 shares		
(31 December 2015: 350,000,000 shares)	**3.5**	3.5
Issued, Called Up and Fully Paid		
At 31 March 2016 – 291.8 million shares		
(31 December 2015: 61.3 million shares)	**2.9**	0.6

The issued share capital history is shown below:

	2004 to 2014	2015	2016
Balance at 1 January	–	61,276,480	**61,276,480**
Shares issued on initial listing in 2004	31,135,762	–	**–**
Share options exercised by employees			
– at £1.00	260,000	–	**–**
– at £1.26	265,000	–	**–**
– at £1.29	154,590	–	**–**
– at £0.01	100,000	–	**–**
Share options exercised by third parties			
– at £2.36	343,053	–	**–**
– at £1.26	–	–	**156,947**
Issue of shares for acquisition	29,018,075	–	**194,841,498**
Issue of shares via placing	–	–	**27,978,812**
Issue of shares via subscription	–	–	**7,566,212**
Balance at end of period	61,276,480	61,276,480	**291,819,949**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. However, should the Company not be satisfied as to the true identity of the shareholders it can suspend the entitlement of those shareholders to a) vote at general meetings of the Company; and/or b) to receive dividends.

23.2 ***Reserves***

	Share Capital €m	Share Premium €m	Merger Reserve €m	Translation Reserve €m	Retained Earnings €m	€m	NCI* €m	**Total equity €m**
At 1 January 2015	0.6	85.4	40.4	0.3	22.7	149.4	–	149.4
Result for the year	–	–	–	–	24.7	24.7	–	24.7
Dividends paid	–	–	–	–	(34.3)	(34.3)	–	(34.3)
Share option charge	–	–	–	–	0.5	0.5	–	0.5
Share options surrendered	–	–	–	–	(12.2)	(12.2)	–	(12.2)
At 31 December 2015	0.6	85.4	40.4	0.3	1.4	128.1	–	128.1
Result for the period	–	–	–	0.3	(73.7)	**(73.4)**	(0.1)	**(73.5)**
Acquisition of bwin.party	2.3	1,390.9	–	–	–	**1,393.2**	(1.2)	**1,392.0**
Share option charge	–	–	–	–	2.6	**2.6**	–	**2.6**
Share options surrendered	–	–	–	–	(0.8)	**(0.8)**	–	**(0.8)**
Share options exercised	–	0.3	–	–	–	**0.3**	–	**0.3**
At 31 March 2016	**2.9**	**1,476.6**	**40.4**	**0.6**	**(70.5)**	**1,450.0**	**(1.3)**	**1,448.7**

* Non-controlling interest

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

Capital comprises total equity. The Group's capital management objectives are to ensure its ability to continue as a going concern and to provide an adequate return to shareholders and benefits to other stakeholders by pricing services commensurately with the level of risk, and maintaining an optimal capital structure to reduce the cost of capital. The Group's objective is to pay around 75% of its net operating cashflows to shareholders by way of dividends (see note 24).

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

Total equity employed at 31 March 2016 was €1,448.7 million (31 December 2015: €128.1 million).

24. DIVIDENDS

The dividend history for 2015 is shown below:

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

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

25. SHARE OPTION SCHEMES

At 31 March 2016, the Group had the following share options schemes for which options remained outstanding at the period end:

i. Options were granted to Directors and employees under the existing and already approved LTIP on 2 June 2014. Under this scheme, 2,450,000 options held by Directors were cancelled under the arrangements for the acquisition of bwin.party during the period and as at 31 March 2016, 875,000 employee share options remained outstanding.

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

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

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

Date of Grant	Exercise Price	Existing at 1 January 2016	Granted in the period	Cancelled in the period	Exercised in the Period	Existing at 31 March 2016	Exercisable at 31 March 2016	Vesting criteria
28 Feb 2013	233.5p	156,947	–	–	(156,947)	–	–	Note a
02 Jun 2014	1p	3,325,000	–	(2,450,000)	–	875,000	–	Note b
02 Feb 2016	422p	–	13,197,112	–	–	13,197,112	–	Note c
02 Feb 2016	467p	–	4,399,037	–	–	4,399,037	–	Note d
02 Feb 2016	422p	–	200,000	–	–	200,000	–	Note e
Total all schemes		**3,481,947**	**17,796,149**	**(2,450,000)**	**(156,947)**	**18,671,149**	**–**	

The existing share options at 31 March 2016 are held by the following employees:

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

Note a: These options were granted to third parties as part of the Sportingbet PLC acquisition following underwriting commitments made at the time. The awards vested on the grant date and the options have the exercise price reduced by the value of any dividends declared up to the point of exercise. These options were fully exercised on 12 February 2016 at a weighted average price of £1.263.

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

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

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

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

The charge to share-based payments within the consolidated income statement in respect of these options in 2016 was €3.0 million, with a further charge of €12.8 million within exceptional items relating to the cashing-out of the 2014 scheme. Of the 2016 share-based payment charge, €2.6 million related to equity settled options (2015: €0.1 million) and €0.4 million to cash settled options (2015: €0.1 million credit).

25.1 ***Liability for cash-settled options***

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

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

	31 March 2016 €m
Balance at 1 January 2016	**(11.8)**
Settled on the acquisition of bwin.party	**11.8**
Charged under the 2 February 2016 scheme (note d above)	**(0.2)**
Balance at 31 March 2016	**(0.2)**

25.2 ***Weighted Average Exercise Price of Options***

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

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

The options outstanding at 31 March 2016 have a weighted average contractual life of 9.8 years (31 December 2015: 8.4 years).

25.3 ***Valuation of Options***

The fair value of services received in return for share options granted were measured by reference to the fair value of share options granted. The Group engaged a third party valuation specialist to provide a fair value for the options.

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

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

Fair value of share options and assumptions:

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

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

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

For the 2014 schemes, the expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

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

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's principal financial instruments as at 31 March 2016 comprise cash and cash equivalents. The main purpose of these financial instruments is to finance the Group's operations. The Group has other financial instruments which mainly comprise receivables and payables, which arise directly from its operations. During the period, the Group entered into a forward exchange contract to hedge its exposure to the potential GBP funding requirement for the acquisition of bwin.party, which was to be part-funded by a Euro-denominated loan. Other than that, the Group did not use derivative financial instruments to hedge its exposure to foreign exchange or interest rate risks arising from operational, financing and investment activities. During the three months to 31 March 2016, the Group did not hold or issue derivative financial instruments for trading purposes.

26.1 *Market Risk*

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

26.2 *Foreign Exchange Risk*

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

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

26.2.1 *Analysis of the Statement of Financial Position by Currency*

At 31 March 2016	Euro €m	GBP €m	Other €m	Total €m
Non-current assets	**1,695.6**	**30.6**	**8.6**	**1,734.8**
Receivables and prepayments	55.8	30.7	31.8	118.3
Tax reclaimable	0.3	5.7	–	6.0
Assets held for sale	68.0	–	–	68.0
Short term investments	4.5	–	0.9	5.4
Cash and cash equivalents	125.2	143.1	39.6	307.9
Total current assets	**253.8**	**179.5**	**72.3**	**505.6**
Trade and other payables	(53.6)	–	(39.7)	(93.3)
Balances with customers and progressive prize pools	(66.0)	(16.0)	(43.5)	(125.5)
Finance leases	–	(0.3)	–	(0.3)
Deferred and contingent consideration	(1.0)	–	(0.5)	(1.5)
Share option liability	–	(0.2)	–	(0.2)
Forward contract liability	(1.2)	–	–	(1.2)
Liabilities held for sale	(22.9)	–	–	(22.9)
Provisions	(5.9)	–	(4.7)	(10.6)
Taxation payable	(11.0)	(3.3)	–	(14.3)
Other taxation liabilities	(35.9)	–	–	(35.9)
Total current liabilities	**(197.5)**	**(19.8)**	**(88.4)**	**(305.7)**
Net current assets/(liabilities)	**56.3**	**159.7**	**(16.1)**	**199.9**
Non-current liabilities				
– Deferred and contingent consideration	–	–	(4.3)	(4.3)
– Betit option	–	(1.9)	–	(1.9)
– Interest bearing loan and borrowings	(402.9)	–	–	(402.9)
– Deferred tax	(76.9)	–	–	(76.9)
Total non-current liabilities	**(479.8)**	**(1.9)**	**(4.3)**	**(486.0)**
Total assets less total liabilities	**1,272.1**	**188.4**	**(11.8)**	**1,448.7**

At 31 December 2015	Euro €m	GBP €m	Other €m	Total €m
Non-current assets	**149.3**	**9.5**	**0.3**	**159.1**
Receivables and prepayments	11.7	10.0	12.9	34.6
Winunited option	3.8	–	–	3.8
Tax reclaimable	0.3	5.7	–	6.0
Other taxes reclaimable	–	–	–	–
Cash and cash equivalents	18.6	6.6	3.0	28.2
Total current assets	**34.4**	**22.3**	**15.9**	**72.6**
Trade and other payables	(5.9)	(18.9)	(7.2)	(32.0)
Balances with customers	(6.7)	(5.4)	(2.7)	(14.8)
Loans	–	(3.7)	–	(3.7)
Deferred consideration	(1.6)	–	–	(1.6)
Share option liability	–	(9.7)	–	(9.7)
Forward contract liability	(9.9)	–	–	(9.9)
Taxation payable	(7.3)	–	–	(7.3)
Other taxation liabilities	(0.7)	(1.1)	(0.2)	(2.0)
Total current liabilities	**(32.1)**	**(38.8)**	**(10.1)**	**(81.0)**
Net current assets/(liabilities)	**2.3**	**(16.5)**	**5.8**	**(8.4)**
Non-current liabilities				
– Betit option	–	(0.7)	–	(0.7)
– Interest bearing loan and borrowings	(19.8)	–	–	(19.8)
– Share option liability	–	(2.1)	–	(2.1)
Total non-current liabilities	**(19.8)**	**(2.8)**	**–**	**(22.6)**
Total assets less total liabilities	**131.8**	**(9.8)**	**6.1**	**128.1**

A significant proportion of the Group's financial assets and liabilities are denominated in Euros, which minimises the Group's exposure to foreign exchange risk. Management do not consider the impact of possible exchange rate movements based on current market conditions to be material to the net result for the period.

26.3 ***Interest Rate Risk***

The Group earns interest from bank deposits. During the period, the Group held cash on deposits with a range of maturities of less than three months. The Group had a non-interest bearing loan (see note 18.2) which did not carry any interest rate risk. On 4 September 2015, the Group entered into an agreement with Cerberus Business Finance LLC for a loan of up to €400m, in order to part-fund the proposed acquisition of bwin.party. At 31 March 2016, the Group had €400 million of committed and drawn-down borrowing facilities under this loan arrangement (31 December 2015: €19.8 million), with a further €nil of committed un-drawn facilities (31 December 2015: €380 million). The interest on these loans is based on EURIBOR with a floor of 1%, plus a margin of 11.5%.

Management do not consider the impact of possible interest rate movements based on current market conditions to be material to the net result for the period or the equity position at the period end for either the year ended 31 December 2015 or the period ended 31 March 2016.

26.4 ***Credit Risk***

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

The Group has material exposure to credit risk through amounts owed by payment processors (third party collection agencies) of €53.3 million (31 December 2015: €21.7 million) and cash balances held with banking institutions of €307.9 million (31 December 2015: €28.2 million). The Group considers the credit risk associated with these balances to be low, having assessed the credit ratings and financial strength of the counter-parties involved. The Group is seeking to diversify its banking deposits to further reduce credit risk.

No provision for impairment has been made at 31 March 2016 (31 December 2015: €nil). No receivable amounts were past due date at 31 March 2016 (31 December 2015: €nil).

26.5 *Liquidity Risk*

At 31 March 2016, the Group had cash and cash equivalents of €307.9 million (31 December 2015: €28.2 million) and current assets are €199.9 million more than current liabilities. Accordingly, the liquidity risk for the Group is low. Within non-current liabilities, the Interest bearing loan balance is due to be settled within two years, which may increase the liquidity risk in that time frame.

26.6 *Maturity analysis*

The following table sets out the maturities of financial liabilities:

	12 months or less €m	**1 – 2 years €m**
Trade payables and customer balances	**218.8**	**–**
Interest-bearing loans	**–**	**402.9**
Deferred and contingent consideration	**1.5**	**4.3**
Forward contract liability	**1.2**	**–**
Share option liability	**0.2**	**–**
Betit option liability	**–**	**1.9**
Finance leases	**0.3**	**–**
Liabilities held for sale	**22.9**	**–**
	244.9	**409.1**

26.7 *Fair Values*

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

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

• Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

• Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

• Level 3: unobservable inputs for the asset or liability.

The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 31 March 2016 and 31 December 2015.

At 31 March 2016	**Level 1 €m**	**Level 2 €m**	**Level 3 €m**	**Total €m**
Financial assets				
Available for sale financial assets	–	–	11.5	**11.5**
Cerberus loan embedded derivative asset	–	–	7.4	**7.4**
Winunited share option asset	–	–	3.4	**3.4**
Deferred and contingent consideration	–	–	12.0	**12.0**
	–	–	34.3	**34.3**
Financial liabilities				
Betit option liability	–	–	(1.9)	**(1.9)**
Contingent consideration	–	–	(0.2)	**(0.2)**
Forward contract liability	–	(1.2)	–	**(1.2)**
	–	(1.2)	(2.1)	**(3.3)**

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

There were no transfers between levels in 2016 or 2015.

Measure of fair value of financial instruments:

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

The valuation techniques used for the available for sale financial asset, the Cerberus loan early repayment option, the Betit option liability and the Winunited option asset, classed as level 3, are described in detail in notes 10 and 11.

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

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

26.8 ***Summary of Financial Assets and Liabilities by Category***

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

	31 March 2016 €m	31 December 2015 €m
Non-current assets:		
Available for Sale Financial Asset	**3.1**	2.6
Financial assets measured at fair value through profit or loss:		
– Trade and Other receivables	**6.5**	–
Non-current assets	**9.6**	2.6
Current assets:		
Available for Sale Financial Asset	**8.4**	–
Financial assets measured as loans and receivables:		
– Trade and Other receivables	**92.8**	23.1
– Short term investments	**11.2**	–
– Cash and cash equivalents	**325.3**	28.2
Financial assets measured at fair value through profit or loss:		
– Trade and Other receivables	**5.5**	–
– Winunited option asset	**3.4**	3.8
– Cerberus derivative asset	**7.4**	–
Current assets	**454.0**	55.1
Current liabilities:		
Financial liabilities measured at amortised cost:		
– Trade and other payables	**(197.9)**	(38.0)
– Non-interest bearing loans and borrowings	**–**	(3.0)
– Deferred consideration	**(1.5)**	(1.6)
Financial liabilities measured at fair value through profit or loss:		
– Forward contract liability	**(1.2)**	(9.9)
– Deferred consideration	**(0.2)**	–
Current liabilities	**(200.8)**	(52.5)
Non-current liabilities		
Financial liabilities measured at amortised cost:		
– Interest-bearing loans and borrowings	**(402.9)**	(19.8)
– Non-interest loans and borrowings	**–**	–
– Share option liability	**–**	(2.1)
– Deferred consideration	**(4.3)**	–
Financial liabilities measured at fair value through profit or loss:		
– Betit option liability (level 3)	**(1.9)**	(0.7)
Non-current liabilities	**(409.1)**	(22.6)

27 RELATED PARTIES

27.1 ***Identity of Related Parties***

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

27.2 ***Transactions with Directors and Key Management Personnel***

Karl Diacono is the Chief Executive Officer of Fenlex Corporate Services Limited, a corporate service provider incorporated in Malta. During the period ended 31 March 2016, Fenlex received €24,065 from the Group in relation to Company secretarial matters arising in Malta (12 months to December 2015: €97,385).

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

Lee Feldman received no dividends during the period (12 months to December 2015: €79,265) in respect of his beneficial interest in the ordinary share capital of the Group. Lee Feldman is the Managing Partner of Twin Lakes Capital, a private equity firm based in New York. During the period ended 31 March 2016, Twin Lakes Capital received €15,790 (12 months to December 2015: €68,715) in relation to office services.

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

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

The Group purchased certain customer services of €0.5 million (2015: €nil) from an associate, with amounts owed at 31 March 2016 of €0.5 million (2015: nil).

The Group purchased certain rights to broadcast licensed media of €1.3 million (2015: €nil) from Conspo, a joint venture, with no amounts outstanding at 31 March 2016 (2015: €nil). Certain expenses are paid on behalf of this associate and repaid to the Group on an ad-hoc basis, resulting in an overpayment by Conspo of €0.1 million (2015: €nil).

27.3 ***Transactions with Directors and Key Management Personnel***

Details of the remuneration of key management are detailed below:

	Period ended 31 March 2016	Period ended 31 March 2015 (Unaudited)
	€m	€m
Short term employee benefits (Directors)	**5.8**	0.9
Short term employee benefits (Key Management)	**1.7**	1.4
Termination benefits	**–**	–
Share based payments	**24.1**	–
	31.6	2.3

28. GROUP STRUCTURE

The Non-Controlling interest comprises a 10% holding in bwin.party entertainment (NJ) LLC, a company incorporated in the United States. The loss attributable to the Non-controlling interest in the period was €0.1 million (31 March 2015: nil).

All other subsidiaries are 100% owned by the Group. The significant subsidiaries are shown below:

Subsidiary	Country of incorporation	Ownership interest **31 March 2016**	 31 December 2015
bwin.party digital entertainment Limited	Gibraltar	**100%**	–
GVC Services B.V.*	Netherlands Antilles	**100%**	100%
Intera N.V.	Netherlands Antilles	**100%**	100%
Bluebell B.V. (previously GVC Sports B.V.)	Netherlands Antilles	**100%**	100%
GVC Administration Services Limited	England and Wales	**100%**	100%
Sportingbet Limited	England and Wales	**100%**	100%
Sportingbet (Management Services) Limited	England and Wales	**100%**	100%
Sportingbet (IT Services) Limited	England and Wales	**100%**	100%
Sportingbet (Product Services) Limited	England and Wales	**100%**	100%
Sporting Odds Limited	England and Wales	**100%**	100%
Interactive Sports (C.I.) Limited	Alderney	**100%**	100%
Longfrie Limited	Guernsey	**100%**	100%
Gaming VC Corporation Limited	Malta	**100%**	100%
Martingale Malta 2 Limited	Malta	**100%**	100%
Headlong Limited	Malta	**100%**	100%

*also has a branch registered in Israel

29. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

29.1 *East Pioneer Corporation Guarantee*

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

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

29.2 *Capital commitments*

The Group has capital commitments contracted but not provided for at 31 March 2016 of €1.2 million (31 December 2015: €nil).

30. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

In the application of the accounting policies, which are detailed in this note, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The estimates and assumptions, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

30.1 ***Intangible assets***

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

30.2 ***Impairment of Goodwill and Trademarks***

Determining whether goodwill and trademarks with an indefinite useful life are impaired requires an estimation of the value-in-use of the cash-generating units. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and select a suitable discount rate in order to calculate present value. Note 9.2 provides information on the assumptions used in this consolidated historical financial information.

The work to assess the existence of impairment indicators and, where applicable, to evaluate the impairment of goodwill and intangible assets was conducted internally by management.

30.3 ***Available for sale assets***

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

Management apply judgement in evaluating the fair value of the available for sale assets, and any impairment to the value which is recognised in the income statement.

The Group holds a 50% investment in bwin e.k., a company incorporated in Germany, but do not exercise control over the entity. Accordingly, management have determined it should be recognised as an investment in an associate.

30.4 ***Receivables***

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

30.5 ***Winunited***

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

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

The Group does not have any current shareholding in Winunited Limited and does not exercise managerial control over the business. Management have applied judgement in determining that the

Group does not control Winunited and therefore does therefore not treat it as a subsidiary or an associate.

30.6 ***Open Bets***

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

30.7 ***Progressive Jackpots***

Some Casino games offer a progressive jackpot, in which the level of the jackpot on offer increases as players participate in the game. Where there is a legal or regulatory obligation to fund these progressive jackpots, no management judgement is required. In other cases, management review the game rules and history of payouts and form a judgement on whether a constructive obligation exists; if so, a provision is recorded. In 2015, Management determined that no provision was required. Following the acquisition of bwin.party, management have reviewed the history and past practice of the enlarged Group and determined that a provision is required. As some of the provision relates to jackpots that were on offer at 31 December 2015, the recognition of the €7.6 million cost associated with that element of the liability has been recorded as an exceptional item.

30.8 ***Betit call/put option***

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

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

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

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

30.9 ***Share Options***

Accounting for share option charges requires a degree of judgement over such matters as dividend yield, and expected volatility. Further details on the assumptions made by management are disclosed in note 25.

30.10 ***Embedded derivatives***

The drawn-down Cerberus loan contains embedded derivatives. The interest rate on the loan is EURIBOR, subject to a floor of 1%, plus a margin of 11.5%. Based on recent guidance issued by

IFRIC, management assess this floor to be closely related to the host contract and therefore it has not been treated as an embedded derivative.

In addition, the loan may be repaid early but if it is repaid in the first year, there is an additional 'make-whole' premium payable. If it is repaid before the expiry date, the payment of the exit fees is brought forward but additional fees at the 12 month and 18 month date could be avoided. These options for early repayment are considered to be non-closely related to the host contract and have been recognised separately. The options have been grouped for the purposes of evaluating the embedded derivative. They have been valued based on the projected cash flows and applying a probability weighting to the potential cash saving from lower effective interest rates.

30.11 ***Acquisition of bwin.party***

The GVC Group has been identified as the acquirer of bwin.party as it is the entity financing the acquisition through equity interests and debt, paying a premium for the assets of bwin.party. In the combined entity, the Board is made up primarily of GVC management, with one director of bwin.party joining as a non-executive director, together with two other external appointments. On acquisition and post-acquisition, bwin.party does not have the ability to control the combined entity.

30.12 ***Assets/liabilities held for sale***

Assets and liabilities held for sale are measured at the lower of carrying value and fair value less associated costs of sale. Management apply judgement in determining when assets meet the criteria to be recognised as held for sale and in evaluating the fair value less costs to sell.

30.13 ***Provisions***

The recognition of provisions requires management to apply judgement in determining the likelihood of the outcome of legal proceedings.

31. GOING CONCERN

Note 26 sets out the Group's financial risk management policies, and its exposure to credit risk and liquidity risk.

Subsequent to the reporting date, an extension to the Cerberus loan facility was agreed on similar terms to the current arrangement. The loan is now due to be repaid by April 2018.

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

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

32. BUSINESS COMBINATIONS

32.1 ***Acquisition of bwin.party***

It is part of the core strategy for the Group to improve the quality and mix of the Group's earnings through acquisitions, especially where these increase the number of markets in which the Group trades and where there are opportunities for high levels of cash generation through synergies. On 1 February 2016, the Group acquired 100% of the share capital of bwin.party digital entertainment plc ("bwin.party"), an online gaming company listed on the London Stock Exchange, for total consideration of €1,504.1 million as set out in the table below. The acquisition resulted in GVC obtaining control of bwin.party from 1 February 2016, and this has been accounted for as a business combination in the period ending 31 March 2016.

The Group issued a prospectus on 13 November 2015 setting out the terms of the bid, which included an offer of 25p plus 0.231 new GVC shares for each bwin.party share. At the date of the acquisition, there were 843m bwin.party shares and 14m of share options and the closing price for GVC Holdings PLC shares at the end of trading on the previous day was £4.67. The total fair value of the consideration paid was €1,504.1 million as set out below:

	No of shares m	Value £m	Exchange rate	Value €m
Total bwin.party shareholding	843.5			
GVC shares issued (0.231 per bwin.party share, at a price of £4.67)	194.8	909.9	1.3205	1,201.5
Cash payment (£0.25 per bwin.party share)		210.9	1.3205	278.5
Cash settled options		18.2	1.3205	24.1
Total consideration		1,139.0		1,504.1

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

	Provisional fair value €m
Assets	
Intangible assets	608.0
Property, plant and equipment	44.5
Trade and other receivables	108.2
Investments and available for sale assets	4.5
Deferred tax	1.9
Assets held for sale	12.3
Short term investments	15.6
Cash	116.2
Total assets	911.2
Liabilities	
Trade and other payables	(94.6)
Client liabilities and progressive prize pools	(118.0)
Loans	(39.4)
Taxation including gaming tax	(31.9)
Deferred tax	(81.4)
Total liabilities	(365.3)
Non-controlling interest	1.2
Net assets	**547.1**
Fair value of consideration paid	**1,504.1**
Goodwill recognised	**957.0**
Business combination costs (note 3.1)	**53.9**

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

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

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

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

The loan was settled post acquisition.

The total cost recognised in the income statement for the period ending 31 March 2016 was €53.9 million, being the business combination costs incurred and treated as an exceptional cost.

In 2015, bwin.party reported revenue of €576.4 million and loss before tax of €40.2 million. If the acquisition had occurred at the beginning of the period, the revenue of the combined entity in the three months to 31 March 2016 would have been €210.7 million and the loss after tax would have been €86.1 million.

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

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

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

Bwin.Party contributed €103.3 million revenue and €0.4 million profit to the Group's result for the period between the date of acquisition and the balance sheet date.

SECTION C

PART I: ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION FOR BWIN FOR THE THREE MONTHS ENDED 31 MARCH 2016

The Directors
GVC Holdings plc
32 Athol Street
Douglas
Isle of Man
IM1 1JB

Cenkos Securities plc
6.7.8 Tokenhouse Yard
London
EC2R 7AS

1 July 2016

Dear Sirs

GVC Holdings plc (the "Company")

bwin.party digital entertainment Limited ("bwin")

Introduction

We report on the historical financial information on bwin set out in Part II of Section C the Company's announcement dated 1 July 2016 of the proposed transfer of the listing category of all of the Company's ordinary shares from a standard listing to a premium listing (the "Announcement"). This financial information has been prepared for inclusion in the Announcement on the basis of the accounting policies set out in note 1 to the financial information.

This report is required by item 6.1.3R(d) of the listing rules made by the Financial Conduct Authority for the purposes of part VI of the Financial Services and Markets Act 2000 and is given for the purpose of complying with that item and for no other purpose. We have not audited or reviewed the financial information for the three months ended 31 March 2015 which has been included for comparative purposes only and accordingly do not express an opinion thereon.

Responsibilities

The directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the historical financial information and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to shareholders of the Company as a result of the inclusion of this report in the Announcement, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement consenting to its inclusion in the Announcement.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the historical financial information gives, for the purposes of the Announcement, a true and fair view of the state of affairs of bwin as at 31 March 2016 and of its results, cash flows, and changes in equity for the three months ended 31 March 2016 in accordance with International Financial Reporting Standards as adopted by the European Union.

Yours faithfully

BDO LLP

Chartered Accountants

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

PART II: THE HISTORICAL FINANCIAL INFORMATION FOR BWIN FOR THE THREE MONTHS ENDED 31 MARCH 2016

Consolidated statement of comprehensive income

For the 3 months ended 31 March	Notes	2016 €million	2015 (Unaudited) €million
Net revenue		**143.6**	135.5
Other revenue		**9.6**	19.8
Total revenue	2	**153.2**	155.3
Cost of sales		**(22.9)**	(26.9)
Gross profit		**130.3**	128.4
Other operating income	3	**3.4**	1.9
Other operating expense	4	**(1.1)**	(0.4)
Administrative expenses		**(74.1)**	(72.3)
Distribution expenses		**(51.1)**	(47.6)
Clean EBITDA		**37.0**	31.1
Exchange gains		**3.1**	1.8
Premium listing application costs	4	**(0.6)**	–
Amortisation	10	**(10.3)**	(11.2)
Depreciation	11	**(5.7)**	(7.9)
Impairment losses	11,13,14	**(2.7)**	–
Provisions against receivables	5	**(7.0)**	–
Adjustment to investment following dividend	14	**(1.4)**	–
Share-based payments and associated payroll taxes	29	**(1.9)**	(3.0)
Reorganisation costs	5	**(3.1)**	(0.8)
Profit from operating activities	5	**7.4**	10.0
Finance income	7	**0.1**	0.4
Finance expense	7	**(0.5)**	(1.7)
Dividends received	14	**3.1**	–
Share of profit (loss) of associates and joint ventures	14	**0.1**	(0.3)
Profit before tax		**10.2**	8.4
Tax expense	8	**(2.7)**	(1.1)
Profit for the period		**7.5**	7.3
Other comprehensive (expense) income			
Items that will or may be reclassified to profit or loss			
Exchange differences on translation of foreign operations, net of tax		**(8.7)**	11.0
Change in fair value of available-for-sale investments		**(3.5)**	(0.6)
Total comprehensive (expense) income for the period		**(4.7)**	17.7
Profit for the period attributable to:			
Equity holders of the parent		**7.6**	7.6
Non-controlling interests	31	**(0.1)**	(0.3)
		7.5	7.3
Total comprehensive (expense) income for the period attributable to:			
Equity holders of the parent		**(4.6)**	18.0
Non-controlling interests	31	**(0.1)**	(0.3)
		(4.7)	17.7
Earnings per share attributable to the ordinary equity holders of the parent:			
Earnings per share (€ cents)			
Basic	9	**0.9**	0.9
Diluted	9	**0.9**	0.9

Consolidated statement of financial position

	Notes	**As at 31 March 2016 €million**	As at 31 December 2015 €million
Non-current assets			
Intangible assets	10	**477.5**	512.3
Property, plant and equipment	11	**38.3**	48.6
Investments	14	**1.4**	4.8
Other receivables	15	**6.5**	6.4
Deferred tax	22	**0.6**	2.0
		524.3	574.1
Current assets			
Non-current assets held for sale	13	**68.2**	14.5
Trade and other receivables	15	**72.6**	100.3
Short-term investments	16	**4.5**	16.1
Cash and cash equivalents	17	**140.8**	150.3
		286.1	281.2
Total assets		**810.4**	855.3
Current liabilities			
Trade and other payables	18	**(101.0)**	(111.0)
Income and gaming taxes payable		**(38.9)**	(34.7)
Client liabilities and progressive prize pools	19	**(100.4)**	(114.9)
Provisions	20	**(5.4)**	(8.1)
Loans and borrowings	21	**–**	(6.8)
Liabilities held for sale	13	**(24.6)**	–
		(270.3)	(275.5)
Non-current liabilities			
Trade and other payables	18	**(4.3)**	(4.4)
Loans and borrowings	21	**–**	(49.7)
Deferred tax	22	**(21.3)**	(26.1)
		(25.6)	(80.2)
Total liabilities		**(295.9)**	(355.7)
Total net assets		**514.5**	499.6
Equity			
Share capital	25	**0.2**	0.2
Share premium account		**3.5**	3.3
Own shares	25	**–**	(2.3)
Capital contribution reserve		**42.4**	24.1
Capital redemption reserve		**0.0**	0.0
Available-for-sale reserve		**6.7**	10.2
Retained earnings		**1,046.7**	1,040.3
Other reserve		**(573.7)**	(573.7)
Currency reserve		**(9.9)**	(1.2)
Equity attributable to equity holders of the parent		**515.9**	500.9
Non-controlling interests	31	**(1.4)**	(1.3)
Total equity		**514.5**	499.6

Consolidated statement of changes in equity

For the 3 months ended 31 March 2015	As at 1 January 2015 €million	Reserves transfer* €million	Other issue of shares* €million	Dividends paid* €million	Purchase of shares* €million	Total compre-hensive income for the period* €million	Share-based payments* €million	As at 31 March 2015* €million
Share capital	0.1	–	0.0	–	(0.0)	–	–	0.1
Share premium account	3.0	–	0.0	–	–	–	–	3.0
Own shares	(2.1)	–	0.0	–	–	–	–	(2.1)
Capital contribution reserve	24.1	–	–	–	–	–	–	24.1
Capital redemption reserve	0.0	–	–	–	–	–	–	0.0
Available-for-sale reserve	2.2	–	–	–	–	(0.6)	–	1.6
Retained earnings	1,115.7	–	(0.1)	–	–	7.6	3.0	1,126.2
Other reserve	(573.7)	–	–	–	–	–	–	(573.7)
Currency reserve	2.7	–	–	–	–	11.0	–	13.7
Total attributable to equity holders of parent	572.0	–	(0.1)	–	(0.0)	18.0	3.0	592.9
Non-controlling interests	(7.0)	–	–	–	–	(0.3)	–	(7.3)
Total equity	565.0	–	(0.1)	–	(0.0)	17.7	3.0	585.6

For the 9 months ended 31 December 2015	As at 1 April 2015* €million	Reserves transfers* €million	Other issue of shares* €million	Dividends paid* €million	Purchase of shares* €million	Total compre-hensive income for the period* €million	Share-based payments* €million	As at 31 December 2015 €million
Share capital	0.1	–	0.1	–	(0.0)	–	–	0.2
Share premium account	3.0	–	0.3	–	–	–	–	3.3
Own shares	(2.1)	–	0.0	–	(0.2)	–	–	(2.3)
Capital contribution reserve	24.1	–	–	–	–	–	–	24.1
Capital redemption reserve	0.0	–	–	–	–	–	–	0.0
Available-for-sale reserve	1.6	–	–	–	–	8.6	–	10.2
Retained earnings	1,126.2	(6.5)	(0.0)	(43.2)	–	(51.2)	15.0	1,040.3
Other reserve	(573.7)	–	–	–	–	–	–	(573.7)
Currency reserve	13.7	–	–	–	–	(14.9)	–	(1.2)
Total attributable to equity holders of parent	592.9	(6.5)	0.4	(43.2)	(0.2)	(57.5)	15.0	500.9
Non-controlling interests	(7.3)	6.5	–	–	–	(0.5)	–	(1.3)
Total equity	585.6	–	0.4	(43.2)	(0.2)	(58.0)	15.0	499.6

For the 3 months ended 31 March 2016	As at 1 January 2016 €million	Reserves transfers €million	Other issue of shares €million	Capital contri- bution from parent €million	Purchase of shares €million	Total compre- hensive income for the period €million	Share- based payments €million	As at 31 March 2016 €million
Share capital	**0.2**	–	**0.0**	–	–	–	–	**0.2**
Share premium account	**3.3**	–	**0.2**	–	–	–	–	**3.5**
Own shares	**(2.3)**	–	**2.3**	–	–	–	–	–
Capital contribution reserve	**24.1**	–	–	**18.3**	–	–	–	**42.4**
Capital redemption reserve	**0.0**	–	–	–	–	–	–	**0.0**
Available-for-sale reserve	**10.2**	–	–	–	–	**(3.5)**	–	**6.7**
Retained earnings	**1,040.3**	–	**(2.3)**	–	–	**7.6**	**1.1**	**1,046.7**
Other reserve	**(573.7)**	–	–	–	–	–	–	**(573.7)**
Currency reserve	**(1.2)**	–	–	–	–	**(8.7)**	–	**(9.9)**
Total attributable to equity holders of parent	**500.9**	–	**0.2**	**18.3**	–	**(4.6)**	**1.1**	**515.9**
Non-controlling interests	**(1.3)**	–	–	–	–	**(0.1)**	–	**(1.4)**
Total equity	**499.6**	–	**0.2**	**18.3**	–	**(4.7)**	**1.1**	**514.5**

* Balance or periodic movements have not been audited by the Reporting Accountants.

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

Own shares represented shares in the parent company held by an Employee Benefit Trust for the benefit of the Group's employees. These were all allocated in the period and therefore the closing balance at 31 March 2016 is €nil.

Capital contribution reserve is the amount arising from capital contributions provided by parent company together with share-based payments made by parties associated with the original shareholders and cash previously held by the Employee Trust which are non-refundable.

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

Available-for-sale reserve is the change in fair value arising on financial assets classified as available for sale.

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

The other reserve of €573.7m 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 (see note 31).

Consolidated statement of cashflows

For the 3 months ended 31 March	**31 March 2016 €million**	31 March 2015 (Unaudited) €million
Profit for the period	**7.5**	7.3
Adjustments for:		
Depreciation of property, plant and equipment	**5.7**	7.9
Amortisation of intangibles	**10.3**	11.2
Impairment of property, plant and equipment	**1.6**	–
Impairment of available-for-sale investments	**0.3**	–
Adjustment to investment following dividend	**1.4**	–
Impairment of assets held for sale	**0.8**	–
Share of (profit) loss of associates and joint ventures	**(0.1)**	0.3
Interest expense	**0.5**	1.7
Interest income	**(0.1)**	(0.4)
Dividend income	**(3.1)**	–
Increase in reserves due to share-based payments	**1.1**	3.0
Loss on sale of property, plant and equipment	**0.1**	–
Income tax expense	**2.7**	1.1
Operating cashflows before movements in working capital and provisions	**28.7**	32.1
Decrease (increase) in trade and other receivables	**14.4**	(12.9)
(Decrease) increase in trade and other payables	**(28.9)**	5.5
Decrease in provisions	**(2.7)**	–
Cash generated from operations	**11.5**	24.7
Income taxes paid	**(1.2)**	(2.3)
Net cash inflow from operating activities	**10.3**	22.4
Investing activities		
Purchases of intangible assets	**(3.5)**	(5.3)
Purchases of property, plant and equipment	**(6.1)**	(13.3)
Issue of loan to joint venture	**–**	(0.9)
Sale of available-for-sale investments	**–**	4.4
Sale of intangibles	**–**	0.2
Interest received	**0.1**	0.4
Dividends received	**3.1**	–
Decrease (increase) in short-term investments	**5.1**	(2.8)
Net cash used by investing activities	**(1.3)**	(17.3)
Financing activities		
Issue of ordinary shares	**0.2**	–
Repayment of bank borrowings	**(54.5)**	–
Capital contribution from parent	**18.3**	–
Loan advanced from parent company	**38.3**	–
Interest paid	**(0.2)**	(0.7)
Net cash generated (used) by financing activities	**2.1**	(0.7)
Net (decrease) increase in cash and cash equivalents	**11.1**	4.4
Exchange differences	**(3.2)**	(1.5)
Cash and cash equivalents at beginning of the period	**150.3**	164.4
Cash and cash equivalents at end of the period	**158.2**	167.3

Cash and cash equivalents

Included within cash and cash equivalents is €17.4m (2015: €nil) held within assets held for sale. Cash and cash equivalents balances also include €33.4m (2015: €44.9m) related to cash held in segregated accounts in certain regulated markets.

Notes to the audited consolidated financial information

1. Accounting policies

Basis of preparation

The financial information has been prepared in accordance with those International Financial Reporting Standards including International Accounting Standards (IASs) and interpretations, (collectively 'IFRS'), published by the International Accounting Standards Board ('IASB') which have been adopted by the European Commission and endorsed for use in the EU. It does not constitute statutory financial statements within the meaning of the Gibraltar Companies Act 2014.

The Company was listed on the London Stock Exchange but, following its acquisition by GVC Holdings Plc on 1 February 2016, the Company was re-registered as a private company. The financial information is presented in euros and rounded to the nearest €0.1m which is the principal and presentational currency of the Group.

Comparatives

The financial information, shown as comparatives (and presented in accordance with the basis of preparation noted above) to the consolidated statement of comprehensive income, the consolidated statement of changes in equity, consolidated statement of cashflows and the respective related notes to the financial information, is extracted without material adjustment from the unaudited management accounts of the Group for the 3 months ended 31 March 2015, and, in respect of the consolidated statement of changes in equity only, the unaudited management accounts of the Group for the 9 months ended 31 December 2015. The financial information, shown as comparatives (and presented in accordance with the basis of preparation noted above) in respect of the consolidated statement of financial position and related notes is extracted without material adjustment from the published audited financial statements of the Group for the year ended 31 December 2015.

Adoption of new and revised Standards and Interpretations

There were no new Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that were effective for the first time in the current financial period and had an impact on the Group.

The following relevant standards and interpretations were issued by the IASB or the IFRIC before the period end but are as yet not effective for the three month period ended 31 March 2016.

IFRS 9	Financial Instruments (effective date 1 January 2018)*
IFRS 15	Revenue Recognition (effective date 1 January 2018)*
IFRS 16	Leases (effective date 1 January 2019)*

* Not yet endorsed by the EU.

The Group is currently assessing the impact, if any, that these standards will have on the presentation of, and recognition in its consolidated results in future periods.

Basis of accounting

The consolidated financial information has been prepared under the historical cost convention other than for the valuation of certain financial instruments which are held at their fair value.

Critical accounting policies, estimates and judgements

The preparation of financial statements under IFRS requires the Group to make estimates and judgements that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Included in this note are accounting policies which cover areas that the Directors consider require estimates, judgements and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year. These policies, together with references to the related notes to the financial statements, can be found as follows:

Revenue recognition	note 1
Intangible assets and impairment of goodwill	note 10
Regulatory compliance, litigation, provisions and contingent liabilities	note 24
Tax including deferred tax	note 8 and 22

Basis of consolidation
All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Accounting for the Company's acquisition of the controlling interest in bwin.party holdings Limited
The Company's controlling interest in its directly held, wholly-owned subsidiary, bwin.party Holdings Limited was acquired through a transaction under common control, using a form of accounting that is similar to pooling of interests.

Accounting for subsidiaries
A subsidiary is an entity controlled directly or indirectly by the Company. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

On the date of acquisition the assets and liabilities of the relevant subsidiaries are measured at their fair values. The non-controlling interest is stated at the non-controlling interest's proportion of the fair values of the assets and liabilities recognised.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination except where any non-controlling interests have been acquired by the Group. At this point any share of gains or losses are transferred to the Group's retained earnings. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Business combinations
Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in the income statement as incurred. The acquiree's identifiable assets and liabilities are recognised at their fair values at the acquisition date.

The interest of the non-controlling shareholders in the acquiree may initially be measured either at fair value or at the non-controlling shareholders' proportion of the net fair value of the identifiable assets acquired, liabilities and contingent liabilities assumed. The choice of measurement basis is made on an acquisition-by-acquisition basis.

Investments

Investments include investments in associates, joint ventures and available for sale investments.

Investments in associates

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

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

Investments in joint ventures

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

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

Intangible assets

Identifiable intangible assets are recognised when the Group controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Group and the cost of the asset can be reliably measured.

Goodwill

Goodwill is measured as the excess of the sum of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the Group's previously held equity interest in the acquiree, if any, over the net amounts of identifiable assets acquired in the subsidiary, associate or jointly controlled entity and liabilities assumed at the acquisition date.

For acquisitions where the agreement date is on or after 31 March 2004, goodwill is not amortised and is reviewed for impairment at least annually. Any impairment is recognised immediately in the consolidated statement of comprehensive income and is not subsequently reversed. Goodwill arising on earlier acquisitions was being amortised over its estimated useful life of 20 years. In accordance with the transitional provisions of *IFRS 3 Business Combinations*, the unamortised balance of goodwill at 31 December 2004 was frozen and reviewed for impairment and will be reviewed for impairment at least annually.

Externally acquired intangible assets

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual or legal rights. Identifiable assets are recognised at their fair value at the acquisition date. The identified intangibles are amortised over the useful economic life of the assets.

Internally generated intangible assets – research and development expenditure
Expenditure incurred on development activities, including the Group's software development, is capitalised only where the expenditure will lead to new or substantially improved products or processes resulting in future economic benefits flowing to the Group, the products or processes are technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, labour and an appropriate proportion of overheads. All other development expenditure is expensed as incurred.

Subsequent expenditure on capitalised intangible assets is capitalised only where it clearly increases the economic benefits to be derived from the asset to which it relates. All other expenditure, including that incurred in order to maintain the related intangible asset's current level of performance, is expensed as incurred.

Licence costs
Expenditure incurred in order to obtain gaming licences is capitalised and amortised over the life over the licence.

Amortisation of intangible assets
Amortisation is provided to write-off the cost of all intangible assets, with the exception of goodwill, over the periods the Group expects to benefit from their use, and varies between:

Brand and domain names	– 5% to 20% per annum
Capitalised development expenditure	– 20% to 33% per annum
Contractual relationships	– over the length of the contract
Customer lists and contracts	– 5% to 50% per annum
Intellectual property and gaming licences	– over the length of the licence
Software	– 20% to 33% per annum

Impairment of goodwill, other intangibles and property, plant and equipment
At the end of each reporting period, an impairment review of goodwill is completed. In addition, the Group reviews the carrying amounts of its other intangibles and property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cashflows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cashflows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cashflows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. Impairments related to goodwill are not reversed.

Property, plant and equipment

All property, plant and equipment are stated at cost, less accumulated depreciation, with the exception of freehold land and buildings which are stated at cost and are not depreciated.

Assets in the course of construction are carried at cost, less any recognised impairment loss. Cost includes directly attributable costs incurred in bringing the assets to working condition for their intended use, including professional fees. Depreciation commences when the assets are ready for their intended use.

Depreciation is provided to write-off the cost, less estimated residual values, of all property, plant and equipment with the exception of freehold land and buildings, evenly over their expected useful lives. It is calculated at the following rates:

Leasehold improvements	– over length of lease
Plant, machinery, computer equipment	– 33% per annum
Fixtures, fittings, tools and equipment, vehicles	– 20% per annum

Where an item of property, plant or equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

Segment information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. Each segment's operating results are regularly reviewed by the Group to make decisions about resources to be allocated to the segment and assess its performance. The method for determining what information to report is based on the way management organises the operating segments within the Group for decision-making purposes and for the assessment of financial performance. The Group reviews financial statements presented by business segments which are supplemented by some information about geographic regions for the purposes of making operating decisions and assessing financial performance. Therefore, the Group has determined that it is appropriate to report according to business segment.

Revenue

Revenue from online gaming, comprising sports betting, casino & games, poker, bingo, and network services (third-party entities that use the Group's platform and certain services), is recognised in the accounting periods in which the gaming transactions occur.

Revenue is measured at the fair value of the consideration received or receivable. Net revenue consists of net gaming revenue and revenue generated from foreign exchange commissions on customer deposits and withdrawals and account fees.

Sports betting, casino & games and bingo net gaming revenue represents net house win adjusted for the fair market value of gains and losses on open betting positions, certain promotional bonuses and the value of loyalty points accrued. Poker net gaming revenue represents the commission charged or tournament entry fees where the player has concluded his or her participation in the tournament less certain promotional bonuses and the value of loyalty points accrued. Revenue generated from foreign exchange commissions on customer deposits and withdrawals and account fees is allocated to each reporting segment.

Other revenue consists primarily of revenue from network services, third-party payment services, sale of domain names, financial markets, software services and fees from broadcasting, hosting and subscriptions. Revenue in respect of network service arrangements where the third-party owns the relationship with the customer is the net commission invoiced.

Interest income is recognised on an accruals basis.

Cost of sales
Cost of sales consists primarily of betting and gaming taxes and broadcasting costs.

Broadcasting costs are expensed over the applicable lifecycle of each programme based upon the ratio of the current period's revenue to the estimated remaining total revenues.

Clean EBITDA
Clean EBITDA is the Group's measure of reporting performance and is 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 and associated payroll taxes. Exceptional items are those items the Group considers to be non-recurring or material in nature that may distort an understanding of financial performance for the period or impair comparability.

Foreign currency
Transactions entered into by group entities in a currency other than the currency of the primary economic environment in which they operate (their 'functional currency') are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of the reporting period. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the consolidated statement of comprehensive income.

On consolidation, the results of overseas operations are translated into Euros at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the end of the reporting period. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised directly in equity (the 'currency reserve').

Exchange differences recognised in the statement of comprehensive income of group entities' separate financial statements on the translation of long-term monetary items forming part of the group's net investment in the overseas operation concerned are reclassified to the currency reserve on consolidation.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of comprehensive income as part of the profit or loss on disposal.

The financial information was translated into Euros at the following rates:

	31 March 2016	Average for the period ended 31 March 2016	31 December 2015	Average for the period ended 31 March 2015
British Pound (GBP)	**1.2626**	**1.2862**	**1.3586**	**1.3606**
Bulgarian Lev (BGN)	**0.5113**	**0.5113**	**0.5097**	**0.5116**
Indian Rupees (INR)	**0.0133**	**0.0134**	**0.0139**	**0.0145**
Israeli Shekel (ILS)	**0.2337**	**0.2341**	**0.2362**	**0.2277**
Ukraine Hryvnia (UAH)	**0.0337**	**0.0346**	**0.0383**	**0.0423**
US Dollar (USD)	**0.8780**	**0.9072**	**0.9203**	**0.9016**

Taxation
Income tax expense represents the sum of the Directors' best estimate of taxation exposures and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences other than where *IAS 12 Income Taxes* contains specific exemptions.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Assets held for sale

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

Share-based payments

The Group has applied the requirements of *IFRS 2 Share-based Payments*. The Group issues equity settled share-based payments to certain employees.

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period and based, for those share options which contain only non-market vesting conditions, on the Group's estimate of the shares that will eventually vest. Fair value is measured by use of a suitable option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

For cash-settled share-based payment transactions, the goods or services received and the liability incurred are measured at the fair value of the liability. Up to the point at which the liability is settled, the fair value of the liability is re-measured at each reporting date and at the date of settlement, with changes being recorded in the consolidated statement of comprehensive income. The Group records the expense based on the fair value of the share-based payments on a straight-line basis over the vesting period.

Where equity instruments of the parent company or a subsidiary are transferred, or cash payments based on the Company's (or a subsidiary's) share price are made, by shareholder(s) or entities that are effectively controlled by one or more shareholder(s), the transaction is accounted for as a share-based payment, unless the transfer or payment is clearly for a purpose other than payment for goods or services supplied to the Group.

Own shares
Own shares relate to shares gifted to the Employee Trust by the Company. The cash cost of own shares is recorded in the own shares reserve.

When options issued by the Employee Trust are exercised the own share reserve is reduced and a gain or loss is recognised in reserves based on proceeds less weighted-average cost of shares initially purchased now exercised.

The cost of own shares repurchased in cash as part of the share buy-back programme is debited to reserves. The shares are cancelled at nominal value with a corresponding entry taken to the capital redemption reserve.

Provisions and contingent liabilities
The Group recognises a provision in the consolidated statement of financial position when it has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Where the Group has a possible obligation as a result of a past event that may, but probably will not, result in an outflow of economic benefits, no provision is made. Disclosures are made of the contingent liability including, where practicable, an estimate of the financial effect, uncertainties relating to the amount or timing of outflow of resources, and the possibility of any reimbursement.

Where time value is material, the amount of the related provision is calculated by discounting the cashflows at a pre-tax rate that reflects market assessments of the time value of money and any risks specific to the liability.

Leased assets
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the consolidated statement of comprehensive income.

Rentals payable under operating leases are charged directly to the profit or loss on a straight-line basis over the term of the relevant lease.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Financial assets
The Group's financial assets which are financial instruments are categorised as loans and receivables, available-for-sale financial assets and those measured at fair value through profit & loss.

These include restricted cash and unrestricted bank deposits with maturities of more than three months. Amounts held as security deposits are considered to be restricted cash. There are no financial assets that are classified as 'held to maturity'. A category for 'in the money' derivative financial instruments is included in respect of foreign exchange contracts entered into by the Group.

Non-derivative financial assets classified as available-for-sale comprise the Group's strategic investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. They are carried at fair value with changes in fair value recognised directly in equity except where a fair value cannot be reliably determined whereby they are carried at cost. In accordance with IAS 39, a significant or prolonged decline in the fair value of an available-for-sale financial asset is recognised in the consolidated statement of comprehensive income.

Purchases and sales of available-for-sale financial assets are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the available for sale reserve. On sale, the amount held in the available-for-sale reserve associated with that asset is removed from equity and recognised in the consolidated statement of comprehensive income.

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

Trade and other receivables represent short-term monetary assets which are recognised at fair value less impairment and other related provisions, which are recognised when there is objective evidence (primarily default or significant delay in payment) that the Group will be unable to collect all of the amounts due. The amount of such a provision is the difference between the net carrying amount and the present value of the future expected cashflows associated with the impaired receivable.

Cash comprises cash in hand and balances with financial institutions. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash. They include unrestricted short-term bank deposits originally purchased with maturities of three months or less.

Financial liabilities

The Group's financial liabilities are measured at amortised cost or fair value through profit and loss. Financial liabilities include the following items:

> Client liabilities, including progressive prize pools.

> Trade payables and other short-term monetary liabilities which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method, which ensures that interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position.

> Loans and borrowings, comprising bank borrowings and overdrafts, which are initially recognised at fair value, net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently valued at amortised cost using the effective interest rate method. Interest expense in this context includes initial transaction costs, as well as any interest or coupon payable while the liability is outstanding.

> Contingent consideration is initially recognised at fair value and subsequently, for acquisitions completed under IFRS 3 (2008) at amortised cost and for IFRS 3 (revised) at fair value through profit and loss.

Share capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares are classified as equity instruments.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the Directors. In the case of final dividends, this is when approved by the shareholders at the Annual General Meeting.

2. Segment information

The Group's operations are segmented into the following reporting segments based on the reporting of results to the Chief Operating Decision Makers ('CODMs'):

- **bwin labels**;
- **Games labels**;
- **Studios** – the Group's fully-integrated and scaleable technology platform provided through arms-length B2B agreements with both internal and external customers;
- **Non-core** – includes Kalixa, as well as InterTrader and some smaller, non-core assets as well as assets disposed of in 2015 (World Poker Tour, Win (social gaming) and Winners); and
- **Corporate** – includes shared and corporate functions such as finance, legal and HR which are performed by the corporate centre and the costs associated with being a listed business.

Only directly attributable costs sit in each business unit with a re-charge across business units where services are provided to another unit.

Period ended 31 March 2016	bwin labels €million	Games led labels €million	Studios €million	Non-core* €million	Corporate Services €million	Removal of inter-segmental revenue €million	Total €million
Net revenue	**98.8**	**44.8**	**–**	**–**	**–**	**–**	**143.6**
Other revenue (external)	**0.1**	**0.1**	**3.8**	**5.5**	**0.1**	**–**	**9.6**
Other revenue (internal)	**–**	**–**	**17.9**	**5.1**	**7.7**	**(30.7)**	**–**
Total revenue	**98.9**	**44.9**	**21.7**	**10.6**	**7.8**	**(30.7)**	**153.2**
Clean EBITDA	**31.4**	**7.2**	**(0.7)**	**0.4**	**(1.3)**	**–**	**37.0**

Period ended 31 March 2015 (Unaudited)	bwin labels €million	Games led labels €million	Studios €million	Non-core* €million	Corporate Services €million	Removal of inter-segmental revenue €million	Total (Unaudited) €million
Net revenue	88.9	46.6	–	–	–	–	135.5
Other revenue (external)	0.3	0.1	3.5	15.9	–	–	19.8
Other revenue (internal)	–	–	16.9	5.0	8.9	(30.8)	–
Total revenue	89.2	46.7	20.4	20.9	8.9	(30.8)	155.3
Clean EBITDA	24.0	11.6	(5.3)	2.9	(2.1)	–	31.1

* Segment includes €3.8m of revenue (2015: €12.7m) and a loss of €4.0m at a Clean EBITDA level (2015: loss of €0.8m) relating to assets reclassified as held for sale or disposed of.

Geographical analysis of total revenue

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

Period ended 31 March	2016 €million	2015 (Unaudited) €million
Germany	**41.2**	36.4
United Kingdom	**22.3**	19.1
Other	**89.7**	99.8
Total revenue	**153.2**	155.3

3. Other operating income

Period ended 31 March	2016 €million	2015 (Unaudited) €million
Exchange gains	**3.1**	1.8
Other	**0.3**	0.1
Total income	**3.4**	1.9

4. Other operating expenses

Period ended 31 March	2016 €million	2015 (Unaudited) €million
Premium listing application costs	**0.6**	–
Other	**0.5**	0.4
Total expense	**1.1**	0.4

5. Profit from operating activities

Period ended 31 March	2016 €million	2015 (Unaudited) €million
This has been arrived at after charging (crediting):		
Amortisation of intangibles	**10.3**	11.2
Depreciation on property, plant and equipment	**5.7**	7.9
Impairment losses – property, plant and equipment	**1.6**	–
Impairment losses – assets held for sale	**0.8**	–
Impairment losses – available-for-sale investments	**0.3**	–
Provisions against receivables	**7.0**	–
Loss on disposal of fixed assets	**0.1**	–
Exchange (gains)	**(3.1)**	(1.8)
Reorganisation costs	**3.1**	0.8
Adjustment to investment following dividend	**1.4**	–
Premium listing application costs	**0.6**	–

The impairment in property, plant, and equipment relates to certain assets which will no longer be used following the acquisition of the Group by GVC.

Refer to note 13 for details of the impairment loss on assets held for sale.

In the opinion of the Directors a number of receivable balances totalling €7.0m are not considered be fully recoverable and appropriate provisions have been booked against those balances. Receivables include PSPs, B2B customers and certain tax receivables.

Reorganisation costs reflect restructuring and redundancies including onerous leases.

6. Staff costs

Period ended 31 March	2016 €million	2015 (Unaudited) €million
Aggregate remuneration including Directors comprised:		
Wages and salaries	**19.5**	25.6
Share-based payments and associated taxes	**1.9**	3.0
Employer social insurance contribution	**3.1**	3.7
Other benefits	**1.2**	1.2
Total staff costs	**25.7**	33.5
Staff costs capitalised in respect of internally generated intangible assets	**(1.7)**	(2.6)
Net staff costs	**24.0**	30.9

Period ended 31 March	2016 €million	2015 (Unaudited) €million
Average number of employees		
Directors	**6**	11
Administration	**183**	190
Customer service	**442**	486
Others	**1,294**	1,603
	1,925	2,290

7. Finance income and expense

Period ended 31 March	2016 €million	2015 (Unaudited) €million
Interest income	**0.1**	0.4
Finance income	**0.1**	0.4
Interest expense	**(0.2)**	(0.7)
Unwinding of discount on current and non-current liabilities	**(0.3)**	(1.0)
Finance expense	**(0.5)**	(1.7)
Net finance expense	**(0.4)**	(1.3)

8. Tax

Analysis of tax charge

Period ended 31 March	2016 €million	2015 (Unaudited) €million
Current tax expense for the period	**2.6**	2.3
Deferred tax credit for the period	**0.1**	(1.2)
Tax expense	**2.7**	1.1

The effective tax rate for the period based on the associated tax expense is 26.5% (2015: tax rate of 10.4%).

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

Period ended 31 March	2016 €million	2015 (Unaudited) €million
Profit before tax	**10.2**	8.4
Tax rate in Gibraltar of 10% (2015: 10%)	**1.0**	0.8
Effect of differential tax rates in other jurisdictions	**0.8**	0.2
Effect of non-taxable income	**(0.3)**	–
Effect of other expenses not allowed for tax purposes	**1.2**	0.1
Total tax expense for the period	**2.7**	1.1

The expenses not allowed for tax purposes are primarily share-based payments, depreciation, amortisation and impairment of 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 levels and mix of profitability in different jurisdictions.

9. Earnings per Share ('EPS')

Period ended 31 March	2016 €cents	2015 (Unaudited) €cents
Basic EPS	**0.9**	0.9
Diluted EPS	**0.9**	0.9

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.

Period ended 31 March	2016	2015 (Unaudited)
Basic EPS		
Basic profit (€million)	**7.6**	7.6
Weighted average number of ordinary shares (million)	**831.7**	822.8
Basic earnings per ordinary share (€ cents)	**0.9**	0.9

Period ended 31 March	2016 million	2015 (Unaudited) million
Weighted average number of shares		
Number of shares in issue as at the start of the period	**831.3**	823.2
Number of shares in issue at the start of the period held by the Employee Trust	**(1.0)**	(0.9)
Weighted average number of shares issued during the period	**1.4**	0.6
Weighted average number of shares purchased during the period	**–**	(0.1)
Weighted average number of ordinary shares for the purposes of basic earnings per share	**831.7**	822.8
Effect of potential dilutive unvested share options and contingently issuable shares	**–**	16.8
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**831.7**	839.6

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.

10. Intangible assets

	Goodwill €million	Acquired intangibles €million	Other intangibles €million	Total €million
Cost or valuation				
As at 1 January 2015	746.9	761.3	68.0	1,576.2
Additions	–	–	19.4	19.4
Disposals	–	–	(0.2)	(0.2)
Exchange movements	5.9	4.1	0.2	10.2
As at 31 December 2015	752.8	765.4	87.4	1,605.6
Additions	**–**	**–**	**3.5**	**3.5**
Disposals	–	–	–	–
Reclassified as assets held for sale	**(22.8)**	**(18.3)**	**(7.6)**	**(48.7)**
Exchange movements	**(7.0)**	**(5.2)**	**(0.2)**	**(12.4)**
As at 31 March 2016	**723.0**	**741.9**	**83.1**	**1,548.0**
Amortisation and Impairment				
As at 1 January 2015	473.6	513.9	43.6	1,031.1
Charge for the period	–	28.0	14.0	42.0
Impairment	16.4	–	–	16.4
Reclassified as assets held for sale	0.1	3.0	0.7	3.8
As at 31 December 2015	490.1	544.9	58.3	1,093.3
Charge for the period	**–**	**6.4**	**3.9**	**10.3**
Disposals	–	–	–	–
Reclassified as assets held for sale	**(15.2)**	**(8.9)**	**(3.2)**	**(27.3)**
Exchange movements	**(1.2)**	**(4.5)**	**(0.1)**	**(5.8)**
As at 31 March 2016	**473.7**	**537.9**	**58.9**	**1,070.5**
Carrying amounts				
As at 1 January 2015	273.3	247.4	24.4	545.1
As at 31 December 2015	262.7	220.5	29.1	512.3
As at 31 March 2016	**249.3**	**204.0**	**24.2**	**477.5**

Acquired intangible assets are those intangible assets purchased as part of an acquisition and primarily include customer lists, brands, software and broadcast libraries. The value of acquired intangibles is based on cashflow projections at the time of acquisition. The fair value of 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. Amortisation charges are charged through administration costs on the income statement.

Goodwill

Goodwill is allocated to the following cash generating units (CGUs):

	31 March 2016 €million	31 December 2015 €million
bwin labels	**189.5**	193.5
Games labels	**59.8**	61.1
PXP	**–**	8.1
At end of period	**249.3**	262.7

Impairment
In accordance with IAS 36, the Group regularly monitors the carrying value of its intangible assets. A detailed review was undertaken at 31 March 2016 to assess whether the carrying value of assets was supported by the net present value of future cashflows derived from those assets. The recoverable amounts of all the above CGUs have been determined from value in use calculations based on cash flow projections from formally approved budgets and long-range forecasts. These budgets and forecasts assume the underlying business models will continue to operate on a comparable basis under the current regulatory and taxation regimes, adjusted for any known changes. The key assumptions including discount rate, operating margin and terminal growth rates are based on past experience, long-term growth expectations and the directors' best estimates.

bwin labels
The recoverable amount of the bwin labels CGU of €969.5m has been determined from value in use calculations based on cashflow projections covering the following ten year period. The Group believes that going beyond five years' cashflows in the value in use calculations is appropriate given the Group is an established business and is a market leader in a growth industry.

The Directors have concluded that there are no reasonably possible changes in the key assumptions which would cause the carrying value of goodwill and other intangibles to exceed their value in use. The major assumptions used for the bwin labels CGU are as follows:

	Key assumptions used in the projections		
bwin labels	Discount rate	Operating margin	Terminal growth Rate
Key assumptions used in the projections	9.4%	31.1%	1%

Games labels
The recoverable amount of the Games labels CGU of €309.4m has been determined from value in use calculations based on cashflow projections covering the following ten year period. The Group believes that going beyond five years' cashflows in the value in use calculations is appropriate given the Group is an established business and is a market leader in a growth industry.

The Directors have concluded that there are no reasonably possible changes in the key assumptions which would cause the carrying value of goodwill and other intangibles to exceed their value in use. The major assumptions used for the Games labels CGU are as follows:

	Key assumptions used in the projections		
Games labels	Discount rate	Operating margin	Terminal growth Rate
Key assumptions used in the projections	9.4%	21.5%	1%

PXP
The PXP CGU was acquired in 2014 and formed part of the non-core segment. As part of the Group's decision to move forward with the expected sale of Kalixa in 2016, the intangible assets allocated to this CGU have been re-allocated to assets held for sale.

11. Property, plant and equipment

	Land and buildings €million	Plant, machinery and vehicles €million	Fixtures, fittings, tools and equipment €million	Total €million
Cost or valuation				
As at 1 January 2015	12.7	3.5	147.6	163.8
Additions	0.2	0.3	22.7	23.2
Disposals	(1.1)	(0.4)	(16.0)	(17.5)
Exchange movements	0.5	0.2	7.2	7.9
As at 31 December 2015	12.3	3.6	161.5	177.4
Additions	**–**	**–**	**0.8**	**0.8**
Disposals	**–**	**–**	**(0.6)**	**(0.6)**
Exchange movements	**(0.5)**	**(0.2)**	**(6.7)**	**(7.4)**
Reclassified as assets held for sale	**–**	**–**	**(4.6)**	**(4.6)**
As at 31 March 2016	**11.8**	**3.4**	**150.4**	**165.6**
Depreciation and impairment				
As at 1 January 2015	5.4	3.3	99.2	107.9
Charge for the period	2.0	0.7	28.3	31.0
Disposals	(0.4)	(0.6)	(15.9)	(16.9)
Exchange movements	0.3	0.2	6.3	6.8
As at 31 December 2015	7.3	3.6	117.9	128.8
Charge for the period	**0.3**	**–**	**5.4**	**5.7**
Impairment	**–**	**–**	**1.6**	**1.6**
Disposals	**–**	**–**	**(0.5)**	**(0.5)**
Exchange movements	**(0.4)**	**(0.2)**	**(5.5)**	**(6.1)**
Reclassified as assets held for sale	**–**	**–**	**(2.2)**	**(2.2)**
As at 31 March 2016	**7.2**	**3.4**	**116.7**	**127.3**
Carrying amounts				
As at 1 January 2015	7.3	0.2	48.4	55.9
As at 31 December 2015	5.0	–	43.6	48.6
As at 31 March 2016	**4.6**	**–**	**33.7**	**38.3**

12. Commitments for capital expenditure

	31 March 2016 €million	31 December 2015 €million
Contracted but not provided for	**1.2**	1.1

13. Assets and liabilities held for sale

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

The Kalixa business was transferred to held for sale as at 31 March 2016 and its valuation has been considered by Directors as at 31 March 2016 based on the lower of cost and current fair value less costs to sell and an impairment of €0.8m to the carrying value was deemed appropriate. Management are actively pursuing a disposal within the next twelve months. Due to the asset originally being carried as available for sale, the carrying value of the Visa Europe Limited investment is recorded at fair value and a €2.2m fall in the carrying value of this asset was recorded in the period.

The carrying value of the Conspo investment represents the lower of cost and the current fair value. The movement in assets and liabilities held for sale are disclosed in the table below.

	Assets held-for-sale €million	Liabilities held-for-sale €million	Total €million
As at 1 January 2015	27.5	(7.4)	20.1
Disposals	(23.6)	7.4	(16.2)
Reclassified as held-for-sale	10.6	–	10.6
As at 31 December 2015	14.5	–	14.5
Reclassified as held-for-sale	**56.7**	**(25.0)**	**31.7**
Revaluation of assets held-for-sale	**(2.2)**	**0.4**	**(1.8)**
Impairment of assets held-for sale	**(0.8)**	**–**	**(0.8)**
As at 31 March 2016	**68.2**	**(24.6)**	**43.6**

14. Investments

	Associates €million	Joint ventures €million	Available-for-sale financial assets €million	Total €million
As at 1 January 2015	2.1	0.2	8.7	11.0
Additions including loans advanced	–	0.9	0.3	1.2
Disposals	–	–	(3.5)	(3.5)
Distribution of profits	(1.2)	–	–	(1.2)
Share of profit (losses)	0.1	(0.6)	–	(0.5)
Unrealised gain transferred to equity	–	–	10.1	10.1
Adjustment to investment following dividend	–	–	(1.4)	(1.4)
Transfer to assets held for sale	–	–	(10.6)	(10.6)
Foreign exchange	–	0.2	0.2	0.4
Impairments	–	(0.7)	–	(0.7)
As at 31 December 2015	1.0	–	3.8	4.8
Share of profit	**0.1**	**–**	**–**	**0.1**
Adjustment to investment following dividend	**–**	**–**	**(1.4)**	**(1.4)**
Release of available-for-sale reserve	**–**	**–**	**(1.7)**	**(1.7)**
Foreign exchange	**(0.1)**	**–**	**–**	**(0.1)**
Impairments	**–**	**–**	**(0.3)**	**(0.3)**
As at 31 March 2016	**1.0**	**–**	**0.4**	**1.4**

Investment in associate

The following entity meets the definition of an associate and has been equity accounted in the consolidated financial information.

		Proportion of voting rights held	
		31 March	31 December
Name	**Country of incorporation**	**2016**	2015
bwin e.k.	Germany	50%	50%

There is no unrecognised share of losses arising during the period. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment.

Investment in joint ventures

Circulo Payment Limited was a venture launched with Millicom International Cellular S.A., to develop a payment service provider to operate in Africa and Latin America. A decision was taken with the joint venture partner to wind up this entity and, accordingly, the investment was fully impaired in 2015.

Available-for-sale investments

The value of overall investments fell by €3.4m (Year ended 31 December 2015: €3.8m), principally as a result of the dividend declared by the Aldorino Trust of €3.1m which resulted in the full impairment of the investment. Other movements include an impairment in the carrying value of the investment in Winners by €0.3m.

15. Trade and other receivables

	31 March 2016 €million	31 December 2015 €million
Payment service providers – net of chargeback provision	**25.9**	30.9
Prepayments	**13.6**	15.0
Contingent consideration	**5.5**	6.0
Derivative financial assets	**–**	1.2
Other receivables	**27.6**	47.2
Current assets	**72.6**	100.3
Contingent consideration	**6.5**	6.4
Non-current assets	**6.5**	6.4

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.

Deferred and contingent consideration relates to amounts receivable for the sale of Ongame and domain names. The non-discounted book values for these amounts are €5.8m (2015: €6.5m) due within one year and €7.1m (2015: €7.0m) due later than one year but not later than five years.

Provisions relate either to chargebacks, or provisions against B2B customers, tax debtors and other receivables based on the Director's best assessment of the recoverable value of those receivables.

Movements on the provision are as follows:

	€million
As at 1 January 2015	1.2
Charged to consolidated statement of comprehensive income	0.3
As at 31 December 2015	1.5
Charged to consolidated statement of comprehensive income	**6.1**
As at 31 March 2016	**7.6**

16. Short-term investments

	31 March 2016 €million	31 December 2015 €million
Restricted cash	**10.2**	16.1
Restricted cash held within assets held for sale	**(5.7)**	–
	4.5	16.1

Restricted cash represents cash held as guarantees for regulated markets' licences and significant marketing contracts together with client funds held for payment service provider transactions. In addition, at 31 March 2016 there are other guarantees in place that are not secured with cash of €18.4m (31 December 2015: €16.7m).

17. Cash and cash equivalents

	31 March 2016 €million	31 December 2015 €million
Total cash in hand and current accounts	**158.2**	150.3
Cash held within assets held for sale	**(17.4)**	–
Cash in hand and current accounts	**140.8**	150.3

18. Trade and other payables

	31 March 2016 €million	31 December 2015 €million
Contingent consideration	**0.5**	0.8
Other payables	**61.0**	110.2
Derivative financial liabilities	**1.2**	–
Due to parent undertaking	**38.3**	–
Current liabilities	**101.0**	111.0
Contingent consideration	**4.3**	4.4
Other payables	**–**	–
Later than one year but not later than five years	**4.3**	4.4
Non-current liabilities	**4.3**	4.4

Contingent consideration relates to amounts payable for the acquisitions of WPT.

Other payables comprise amounts outstanding for trade purchases and other ongoing 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 parent company advanced a non-interest bearing short-term loan to the Group which is repayable on demand.

The non-discounted book values for these amounts are as follows:

	Contingent consideration		Other payables	
	31 March 2016 €million	31 December 2015 €million	**31 March 2016 €million**	31 December 2015 €million
Within one year	**0.6**	1.0	**61.3**	110.5
Later than one year but not later than five years	**4.9**	5.0	**–**	–
	5.5	6.0	**61.3**	110.5

19. Client liabilities and progressive prize pools

	31 March 2016 €million	31 December 2015 €million
Client liabilities	**91.4**	106.3
Progressive prize pools	**9.0**	8.6
	100.4	114.9

Client liabilities and progressive prize pools represent amounts due to customers including net deposits received, undrawn winnings, progressive jackpots and tournament prize pools and certain promotional bonuses. The carrying amount of client liabilities and progressive prize pools approximates to their fair value which is based on the net present value of expected future cashflows.

20. Provisions

	Total €million
As at 1 January 2015	–
Charged to consolidated statement of comprehensive income	11.4
Utilised during the period	(3.3)
As at 31 December 2015	8.1
Charged to consolidated statement of comprehensive income	**0.8**
Utilised during the period	**(3.5)**
As at 31 March 2016	**5.4**

Provisions relate to onerous contracts and leases made against the future costs of contracts or leases where the future economic benefits received by the Group are less than the costs involved with fulfilling the remaining terms and conditions of those contracts or leases.

The amounts due for provisions are recognised based on the above and carried at the best estimate of the provision. Due to the short-term nature of the provisions which are expected to be settled with 12 months, no discounting has been applied.

21. Loans and borrowings

	31 March 2016 €million	31 December 2015 €million
Secured bank loan	–	6.8
Current liabilities	–	6.8
Secured bank loan	–	49.7
Later than one year but not later than five years	–	49.7
Non-current liabilities	–	49.7

Bank borrowings are recognised at fair value and subsequently carried at amortised cost based on their internal rates of return. The effective interest rate applied as at 31 December 2015 was 4.8%. There are no material differences between book and fair values.

The £30 million and €16 million outstanding to The Royal Bank of Scotland plc as at 31 December 2015 were drawdowns of part of a £75 million multi-currency facility. The €16m facility drawdown was repaid on 28 January 2016. On completion of the acquisition of the Group by GVC on 1 February 2016, the remaining Group facilities along with any accrued interest were repaid in their entirety and cancelled.

As at 31 December 2015	**Amount**	**Nominal rate**	**Year of maturity of facility**	**Security**
The Royal Bank of Scotland plc	£30 million and €16 million	3 months LIBOR plus 3.00%	2018	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:

	31 March 2016 €million	31 December 2015 €million
Within one year	–	8.7
Later than one year and not later than five years	–	52.6
	–	61.3

22. Deferred tax

	€million
As at 1 January 2015	27.2
Exchange differences	0.4
Credited to consolidated statement of comprehensive income	(5.6)
Charged to other comprehensive income	2.1
As at 31 December 2015	24.1
Exchange differences	**0.3**
Charged to consolidated statement of comprehensive income	**0.1**
Transferred to liabilities held for sale	**(3.8)**
As at 31 March 2016	**20.7**

Deferred tax of €20.7m (31 December 2015: €24.1m) consists of €21.3m (31 December 2015: €26.1m) deferred tax liabilities and €0.6m (31 December 2015: €2.0m) of deferred tax assets. Deferred tax liabilities relate primarily to temporary differences arising from fair value adjustments of acquired intangibles. The deferred tax asset relates primarily to temporary timing differences in respect of taxes in certain jurisdictions.

23. Operating lease commitments

The total future minimum lease payments due under non-cancellable operating lease payments are analysed below:

	31 March 2016 €million	31 December 2015 €million
Within one year	**6.8**	6.7
Later than one year but not later than five years	**17.9**	17.1
More than five years	**6.7**	7.8
	31.4	31.6

All operating lease commitments relate to land and buildings. Rental costs under operating leases are charged to the consolidated statement of comprehensive income in equal annual amounts over the period of the leases.

24. 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.

Indirect taxation

Group companies may be subject to VAT on transactions which have been treated as exempt supplies of gambling, or on supplies which have been exported outside the scope of VAT where legislation provides that the services are received or used and enjoyed in the country where the service provider is located. Where group companies have treated supplies of gambling as exempt based on exemptions available to comparable supplies in the place where the customer is located, the right to exemption may be restricted if the supplies do not have similar characteristics or meet the same needs as other exempt gambling from the customer's point of view. Where group companies have determined the taxable amount for supplies of gambling to be the amount of stakes received less amounts that have to be returned to players, the right to a deduction for amounts returned to players may be restricted to the extent that the obligation to make a payment is not enforceable in the place where the customer is located. Revenues earned from customers located in any particular jurisdiction may give rise to further taxes in that jurisdiction. If such taxes are levied, either on the basis of current law or the current practice of any tax authority, or by reason of a change in the law or practice, then this may have a material adverse effect on the amount of tax payable by the Group or on its financial position. Where it is considered probable that a previously identified contingent liability will give rise to an actual outflow of funds, then a provision is made in respect of the relevant jurisdiction and period impacted. Where the likelihood of a liability arising is considered remote, or the possible contingency is not material to the financial position of the Group, the contingency is not recognised as a liability at the balance sheet date.

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 and Spain) aimed at preventing bwin.party from offering its services in these countries.

On 16 October 2014, the Portuguese Supreme Court confirmed a ruling of the Oporto Court of First Instance of September 2011 against Liga Portuguesa de Futebol Profissional ('Liga'), bwin.party digital entertainment plc and bwin.party services (Gibraltar) Ltd (together 'bwin.party'). In this initial ruling the first instance Court had (i) declared the (meanwhile already terminated) sponsorship agreement between bwin.party and the Liga 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 da Misericórdia de Lisboa, and (v) ordered the publishing of the ruling and the notification of Portuguese media organisations.

Following the initial first instance ruling, the Liga and bwin.party already took measures in order to comply with the decision. However, it cannot be ruled out that certain activities may still be considered as violation of the ruling.

In June 2012, APC initiated enforcement proceedings against the Liga and bwin.party, requesting the payment of pecuniary sanctions in the total amount of €6.35 million for the alleged violation of the first instance court judgment during the period between 24 September 2011 and 31 January 2012. The Liga and bwin.party remain firmly of the view that such enforcement action is without merit. In June 2012, the Oporto enforcement court dismissed APC's enforcement claim for lack of enforceability. APC filed an appeal against this decision, which the appellate enforcement court granted on 25 November 2014 and decided that pecuniary sanctions were enforceable at the time APC initiated the enforcement proceeding without assessing the enforcement case on its merits. On 29 May 2015, the Supreme Court rejected the appeal submitted by the Liga solely on formal admissibility grounds and the Liga subsequently filed a petition requesting that the case be presided over by a chamber of three judges of the Supreme Court, which the Supreme Court rejected on 17 November 2015 confirming the rejection of the appeal lodged by the Liga, on the same grounds as in its initial rejection. On 3 December 2015, the Liga submitted an appeal to the Constitutional Court on grounds of unconstitutionality of the interpretation of the applicable admissibility rules. The Supreme Court did not rule on the substantive matter of whether or not the pecuniary sanctions are in fact due in the present case, which, despite the petition pending at the Constitutional Court on the formal question of enforceability, will be the subject of the enforcement proceedings initiated by APC that will be continued before the Oporto enforcement court, where the Liga and bwin.party will submit their defence arguments.

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 ('Nomato') and six other defendants, including bwin.party digital entertainment plc and BAW International Limited (now bwin.party services (Gibraltar) Limited). Among other things, Mr. Odoni seeks damages in the amount of €6.9 million or 30% of realised profits in Nomato since 29 June 2005 and a declaration that he holds 30% of the shares in Nomato. As the documents were not served to bwin.party digital entertainment plc and bwin.party services (Gibraltar) Limited in accordance with EU-Regulation 1393/2007/EC on the service of documents and not all documents had been translated into English, bwin.party refused to accept the service according to the rights granted under the EU-Regulation. Local counsel filed a conditional appearance to prevent a default judgment and an application to set aside service and/or strike out the action, which the court assessed in the oral hearing of 5 February 2015. The court has not yet set a date for its decision on the formal issues. On 29 February 2016, the court decided not to grant the application set aside service and/or strike out the action. bwin.party has appealed this decision within the statutory deadline.

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

A number of Group companies are obligors and guarantors for the €400m drawn down loan facility within the parent company and would be liable for meeting the debt obligations if the parent company defaulted on repayment. No liability has been recognised for any provision in respect of the loan.

The Directors do not consider that there are any other contingent liabilities requiring disclosure.

25. Share capital

Ordinary shares

	Issued and fully paid €	Number million
As at 1 January 2015	147,193	823.1
Employee share options exercised during the period	14,389	8.2
As at 31 December 2015	161,582	831.3
Employee share options exercised during the period	**96**	**0.9**
As at 31 March 2016	**161,678**	**832.2**

The issued and fully paid share capital of the Group amounts to €161,677.91 and is split into 832,194,034 ordinary shares. The share capital in UK Sterling is £124,829.11 and translates at an average exchange rate of 1.29519 Euros to £1 Sterling.

Authorised share capital and significant terms and conditions
The Company's authorised share capital is £225,000 divided into 1,500 million ordinary shares of 0.015 pence each. All issued shares are fully paid. The holders of ordinary shares are entitled to receive dividends when declared and are entitled to one vote per share at meetings of the Company. The Trustee of the Employee Trust has waived all voting and dividend rights in respect of shares held by the Employee Trust.

Own shares

	Own shares reserve €million	Number million
As at 1 January 2015	(2.1)	0.9
Purchase of own shares for the Employee Trust	(0.2)	0.2
Employee share options exercised during the period	0.0	(0.1)
As at 31 December 2015	(2.3)	1.0
Employee share options awarded during the period or allocated to specific employees	**2.3**	**(1.0)**
As at 31 March 2016	–	–

Following the acquisition of the Group by GVC Holdings, all shares held in the Employee Trust were allocated to employees. Therefore, as at 31 March 2016 no ordinary shares were held as treasury shares by the Employee Trust.

26. 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:

	Period ended 31 March 2016 €million	Period ended 31 March 2015 (Unaudited) €million
Short-term benefits	**1.1**	1.4
Share-based payments	**0.9**	0.9
Termination benefits	**0.3**	–
	2.3	2.3

One director had a loan with the Group of €3.1m with interest accrued as at 31 December 2015. This loan was settled in 2016.

A director during the period is a director and shareholder of a company that provides investment advisory services to a fund for which InterTrader Limited is the broker. InterTrader earned commissions of €27,735 (2015: €nil) in the period and the fund had a balance of €4.4m deposited with InterTrader as at 31 March 2016 (31 December 2015: €4.4m).

In 2015 a furnished property was leased by a member of key management at an quarterly lease rental of €nil for which the open market value of rent of the property was €10,525. This property was sold in 2015.

During 2016 GVC Holdings Plc, the parent company of the Group, advanced €38.3m to the Group that was outstanding at the period end as well as contributing €18.3m which has been included as a capital contribution reserve.

Associates and joint ventures

The Group purchased certain customer services of €0.6m (2015: €0.7m) from an associate, with amounts owed at 31 March 2016 of €0.5m (31 December 2015: €0.3m).

The Group purchased certain rights to broadcast licensed media of €2.0m (2015: €0.9m) from Conspo a joint venture, with no amounts prepaid or due as at 31 March 2016 or 31 December 2015. Certain expenses are paid on behalf of this associate and repaid to the Group on an ad-hoc basis, resulting in an overpayment by Conspo of €0.1m (31 December 2015: receivable balance of €0.2m).

27. Investment in subsidiaries

The Company is the ultimate holding company of the Group. The following table shows the Company's subsidiary undertakings at 31 March 2016. Each of these companies is included within the consolidated accounts of the Group, either by virtue of being wholly-owned by a member of the Group (other than bwin.party entertainment (NJ) LLC which is 90% owned) with fully paid issued share capital or where the Group exerts sufficient controls over the operations of that entity for it to warrant being consolidated within the Group accounts.

Name of Subsidiary Undertaking	Country of Incorporation	Principal Business
Alancia Limited	Cyprus	Intermediate holding company
Amber Limited	Gibraltar	Dormant
Bellingrath Enterprises Limited	Cyprus	Intermediate holding company
BES SAS	France	Online gaming
bwin Argentina SA	Argentina	Dormant
bwin European Markets Holding Spa	Italy	Intermediate holding company
Bwin Interactive Marketing España SL	Spain	Marketing support services
bwin Italia Srl	Italy	Online gaming
bwin.party (USA) Inc	USA	B2B services
bwin.party corporate services Limited	British Virgin Islands	Company Secretarial Services
bwin.party entertainment (NJ) LLC	USA	Online gaming
bwin.party entertainment Limited	Gibraltar	Intermediate holding company
bwin.party Games AB	Sweden	Dormant
bwin.party holdings Limited	Gibraltar	Intermediate holding company
bwin.party Holdings Malta Limited	Malta	Dormant
bwin.party International Malta Limited	Malta	Dormant
bwin.party Limited	Gibraltar	IT, customer support and marketing services
bwin.party management (Gibraltar) Limited	Gibraltar	Management and IT services
bwin.party marketing (Gibraltar) Limited	Gibraltar	Marketing services
bwin.party marketing (Israel) Limited	Israel	Marketing support services
bwin.party marketing (UK) Limited	United Kingdom	Marketing support services
bwin.party partners Limited	Gibraltar	Dormant
bwin.party services (Austria) GmbH	Austria	IT, customer support and marketing support services
bwin.party services (Bulgaria) EOOD	Bulgaria	IT and customer support services
bwin.party services (Gibraltar) Limited	Gibraltar	Dormant
bwin.party services (Malta) Limited	Malta	B2B services
bwin.party services (NJ) Inc	USA	B2B services
Cashcade Limited	United Kingdom	Marketing services
Dominion Entertainment Limited	Malta	Online gaming
Dominion Services GmbH	Austria	Marketing support services
DSG Deutsche Sportwett GmbH	Germany	Dormant
ElectraGames Limited	Gibraltar	Dormant
ElectraWorks (Alderney) Limited	Alderney	IT services
ElectraWorks (España) PLC	Malta	Online gaming
ElectraWorks (France) Limited	Malta	Online gaming
ElectraWorks (Kiel) Limited	Malta	Online gaming
ElectraWorks Limited	Gibraltar	Online gaming
EZE International Limited	Gibraltar	Dormant
Herotech Limited	United Kingdom	Marketing services
IGM Domain Name Services Limited	Gibraltar	Domain management services
Independent Technology Ventures Limited	British Virgin Islands	Online gaming and IT services
Infield Servicios De Consultoria E Marketing Unipessoal LDA	Portugal	Dormant
Interskill Games Limited	Gibraltar	Dormant
InterTrader Limited	Gibraltar	Financial services
ISG (Gibraltar) Limited	Gibraltar	Domain management services
ITV Holdings Limited	British Virgin Islands	Intermediate holding company
IVY BPO Services Private Limited	India	Customer support services
IVY Comptech Private Limited	India	IT and customer support services
IVY Foundation	India	Charity
IVY Software Development Services Private Limited	India	Software Development Services
Kaiane Services Limited	Malta	B2B services
Kalixa Accept Limited	United Kingdom	Transaction services
Kalixa Group Limited	Gibraltar	Intermediate holding company
Kalixa Pay Limited	United Kingdom	Transaction Services
Kalixa Payments GmbH	Austria	Dormant
Kalixa Payments Group Limited	United Kingdom	Transaction Services
Kalixa Services GmbH	Austria	Intermediate holding company
Kalixa USA Inc.	USA	Transaction services
Leodata Limited	Gibraltar	Dormant
Party Ventures Limited	Gibraltar	Intermediate holding company
PartyGaming Finance Limited	Bermuda	Treasury Services

Name of Subsidiary Undertaking	Country of Incorporation	Principal Business
Party InterVentures Limited	Gibraltar	Dormant
PartyGaming IA Limited	Bermuda	Intellectual Property holding
Paytech International Limited	Gibraltar	Dormant
PB (Italia) S.r.l.	Italy	Online gaming
PGB Limited	Gibraltar	Intermediate holding company
PKR Services Limited	Gibraltar	Dormant
PXP Solutions Inc.	USA	Gateway services provider
PXP Solutions Limited	United Kingdom	Intermediate holding company
PXP Solutions PTY Limited	Australia	Gateway services provider
Servebase Limited	United Kingdom	Gateway services provider
Websports Entertainment Marketing Services GmbH	Austria	Marketing support services
Westman Holdings Limited	British Virgin Islands	Intermediate holding company
WIN (Gibraltar) Limited	Gibraltar	Dormant
WIN Interactive (Israel) Limited	Israel	Dormant
WIN Interactive LLC	Ukraine	Software Development Services
Winner Summit Limited	BVI	Dormant
WorldNet DNS Management Limited	Gibraltar	Dormant

28. Financial instruments and risk management

The Group is exposed through its operations to the following financial risks:

- Liquidity risk
- Capital Risk
- Credit Risk
- Market Risk
- Interest Rate Risk
- Currency Risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing these risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing these risks or the methods used to measure them from previous periods, unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

> investments;
> short-term investments;
> trade and other receivables;
> cash and cash equivalents;
> loans and borrowings;
> trade and other payables;
> contingent consideration;
> client liabilities and progressive prize pools; and
> foreign exchange forward contracts.

The Group operates a sports betting business and always has open bets representing bets placed by customers for which events have not yet happened. As at 31 March 2016 and 31 December 2015 the fair market value of open bets was negligible.

Financial instruments by category

Included within overall financial instruments in the tables below are financial assets and liabilities which have been classified as held for sale within note 13.

Financial assets

Financial instrument	**Loans & Receivables**		**Available for sale**		**Fair value through Profit & Loss**	
	31 March 2016 €million	31 December 2015 €million	**31 March 2016 €million**	31 December 2015 €million	**31 March 2016 €million**	31 December 2015 €million
Investments	**–**	–	**8.8**	14.4	**–**	–
Short term investments	**10.2**	16.1	**–**	–	**–**	–
Cash & cash equivalents	**158.2**	150.3	**–**	–	**–**	–
Trade & other receivables	**62.5**	78.1	**–**	–	**–**	–
Derivative financial assets	**–**	–	**–**	–	**–**	1.2
Contingent consideration – current	**–**	–	**–**	–	**5.5**	6.0
Contingent consideration – non-current	**–**	–	**–**	–	**6.5**	6.4
	230.9	244.5	**8.8**	14.4	**12.0**	13.6

Financial liabilities

Financial instrument	**At fair value through profit & loss**		**Amortised cost**	
	31 March 2016 €million	31 December 2015 €million	**31 March 2016 €million**	31 December 2015 €million
Trade & other payables – current	**–**	–	**116.7**	95.0
Trade & other payables – non-current	**–**	–	**–**	–
Derivative financial liabilities	**1.2**	–	**–**	–
Client liabilities and progressive prize pools	**–**	–	**105.6**	114.9
Loans and borrowings – current	**–**	–	**–**	6.8
Loans and borrowings – non-current	**–**	–	**–**	49.7
Contingent consideration – current	**0.2**	0.3	**0.5**	0.5
Contingent consideration – non-current	**–**	0.1	**4.3**	4.3
	1.4	0.4	**227.1**	271.2

Financial instruments not measured at fair value within the financial statements

Financial instruments not measured at fair value includes cash and cash equivalents, short term investments, trade and other receivables, trade and other payables, client liabilities and progressive prize pools, loans and borrowings and contingent consideration that arose on acquisitions prior to the introduction of *IFRS 3 (revised)*.

Due to their short term nature, the carrying values of cash and cash equivalents, joint venture and associate investments, short term investments, trade and other receivables, trade and other payables, client liabilities and progressive prize pools approximates their fair value and are classified in level 3 of the fair value hierarchy.

Financial instruments measured at fair value

The fair value hierarchy of financial instruments measured at fair value is provided below:

Financial instrument As at 31 March 2016	**Level 1** **2016** **€million**	**Level 2** **2016** **€million**	**Level 3** **2016** **€million**
Financial assets			
Investments	**–**	**–**	**8.8**
Deferred and contingent consideration	**–**	**–**	**12.0**
Derivative financial assets	**–**	**–**	**–**
As at 31 March 2016	**–**	**–**	**20.8**
Financial liabilities			
Contingent consideration	**–**	**–**	**0.2**
Derivative financial liabilities	**–**	**1.2**	**–**
Other payables	**–**	**–**	**–**
As at 31 March 2016	**–**	**1.2**	**0.2**

Financial instrument As at 31 December 2015	**Level 1** **2015** **€million**	**Level 2** **2015** **€million**	**Level 3** **2015** **€million**
Financial assets			
Investments	3.1	–	11.3
Deferred and contingent consideration	–	–	12.4
Derivative financial assets	–	1.2	–
As at 31 December 2015	3.1	1.2	23.7
Financial liabilities			
Contingent consideration	–	–	0.4
Other payables	–	–	–
As at 31 December 2015	–	–	0.4

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset or liability as follows:

Level 1 – valued using quoted prices in active markets for identical assets

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included within level 1

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

There were no transfers between levels during the period.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of level 3 financial instruments are set out in the table below.

Financial instrument	Valuation techniques used	Significant unobservable inputs
Investments	Discounted cash flow forecasts	Weighted average costs of capital, cash flow forecasts and long term growth rates
Contingent consideration – receivables	Discounted cash flow forecasts	Weighted average cost of capital and expected cash flows
Contingent consideration – payables	Discounted cash flow forecasts	Weighted average cost of capital and expected cash flows
Other payables	Discounted cash flow forecasts	Weighted average cost of capital and expected cash flows

In respect of the investment in Visa Europe Limited which is carried at fair value and recorded within level 3, the directors have arrived at a valuation which they believe to be within a reasonable range, based on information available. The expected consideration should the transaction complete which based on available information the directors believe will be the case and hence the basis for arriving at fair value is split between cash, potentially convertible shares in Visa Inc and contingent consideration payable on the fourth anniversary of the potential transaction completing. The conversion of the shares in Visa Inc are dependent on the eventual outcome of certain litigation matters facing Visa Europe Limited and may not be convertible and capable of being realised for a period of up to 12 years. Consequently management have applied a discount to the expected proceeds to reflect the risk that the shares may not convert and the contingent consideration may not be payable.

The reconciliation of the opening and closing fair value balance of level 3 financial assets is as follows:

	Financial Assets		
	Investments €million	**Contingent consideration €million**	**Total €million**
As at 1 January 2015	2.0	10.6	12.6
Additional investments	0.3	–	0.3
Total gains or losses			
in profit or loss	(1.6)	1.7	0.1
in other comprehensive income	10.6	0.1	10.7
As at 31 December 2015	11.3	12.4	23.7
Additional investments	–	–	–
Total gains or losses			
in profit or loss	**(0.3)**	**(0.2)**	**(0.5)**
in other comprehensive income	**(2.2)**	**(0.2)**	**(2.4)**
Settlements (received)	**–**	**–**	**–**
As at 31 March 2016	**8.8**	**12.0**	**20.8**

The reconciliation of the opening and closing fair value balance of level 3 financial liabilities is as follows:

	Financial liabilities		
	Contingent consideration €million	**Other payables €million**	**Total €million**
As at 31 January 2015	0.4	9.2	9.6
Total gains or losses			
in profit or loss	–	(0.4)	(0.4)
in other comprehensive income	–	–	–
Settlements (paid)	–	(8.8)	(8.8)
As at 31 December 2015	0.4	–	0.4
Total gains or losses			
in profit or loss	**(0.2)**	**–**	**(0.2)**
in other comprehensive income	**–**	**–**	**–**
Settlements (paid)	**–**	**–**	**–**
As at 31 March 2016	**0.2**	**–**	**0.2**

Management controls and procedures

The Board of GVC Holdings Plc ("the GVC Board") has overall responsibility for the determination of the GVC group's risk management objectives and policies and its policies have been adopted by the Board. The GVC Board has delegated the authority for designing and operating the required processes that ensure the effective implementation of the objectives and policies to the Group's treasury department under the auspices of the Chief Financial Officer of GVC Holdings Plc ("GVC CFO"). As such, the Group's funding, liquidity and exposure to interest rate and foreign exchange rate risks are managed by the Group's treasury department. The treasury department is mandated to execute conventional forward foreign exchange contracts and swaps in order to manage these underlying risks. No other derivatives may be executed without written authority from the GVC Board at which point an explanation of the accounting implications would also be given.

The treasury operation and polices include benchmark exposures and hedge cover levels for key areas of treasury risk. The Group risk management policies would also be reviewed by the GVC Board following, for example, significant changes to the Group's business. Exposures are monitored and reported to management on a monthly basis, together with required actions when tolerance limits are exceeded. The internal control procedures and risk management processes of the treasury department were reviewed periodically by the internal audit function.

The overall objective of the GVC Board is to set working practices and policies that seek to reduce risk as far as possible, without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Liquidity risk

Liquidity risk arises from the Group's management of its working capital as well as the finance charges and principal repayments on its debt instruments. In essence, it is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's treasury department ensures that the Group's cash and cash equivalents, and amounts due from payment service providers ('PSPs') exceed its combined client liabilities at all times. This excess is defined as the Client Liability Cover. Client liabilities principally represent customer deposits and progressive prize pools.

The GVC CFO is advised of cash balances, investments, foreign currency exposures, interest income, interest expense, amounts due from PSPs, Client Liability Cover and counterparty exposures on a weekly basis.

Prior to the period under review the Group imposed a maximum debt limit of €200million that could mature in any one year to ensure no significant concentration of refinancing risk. This has now been superseded following the Group's acquisition by GVC as the Company and other material Group companies are now guarantors to the debt facility of the ultimate parent company.

Management monitors liquidity to ensure that sufficient liquid resources are available to the Group. The Group's principal financial assets are cash, bank deposits and trade and other receivables.

As at 31 December 2015 the Group had a revolving credit facility of up to £75m, withdrawable in both sterling and euros. As at 31 December 2015 the drawn balance on this facility was £30m and €16m. On completion of the acquisition of the Group on 1 February 2016 these facilities along with any accrued interest were repaid in their entirety and cancelled. The Company, together with other Group entities, became a guarantor to the €400m debt facility held by GVC Holdings Plc on 1 February 2016. This guarantee is secured by way of first-priority security interests in substantially all tangible and intangible assets of GVC, its subsidiaries and Group companies. This facility has been fully drawn down at the period end.

Further details in relation to the Group's closed loan facilities are disclosed in note 21.

The following table sets out the maturities of financial liabilities:

As at 31 March 2016	**Undiscounted cash flows €million**	**6 months or less €million**	**6-12 months €million**	**1-5 years €million**
Trade and other payables	**116.7**	**106.7**	**10.0**	**–**
Contingent consideration	**5.5**	**–**	**0.6**	**4.9**
Client liabilities and progressive prize pools	**105.6**	**105.6**	**–**	**–**
Financial liabilities	**227.8**	**212.3**	**10.6**	**4.9**

As at 31 December 2015	**Undiscounted cash flows €million**	**6 months or less €million**	**6-12 months €million**	**1-5 years €million**
Trade and other payables	110.1	99.6	10.5	–
Contingent consideration	6.0	–	1.0	5.0
Client liabilities and progressive prize pools	115.0	115.0	–	–
Loans and borrowings	61.3	7.7	1.1	52.5
Financial liabilities	292.4	222.3	12.6	57.5

Capital risk

In common with many internet companies that have few physical assets, the Group has no policy as to the level of equity capital and reserves other than to address statutory requirements.

Details of the Group's dividend policy is disclosed within note 30.

Credit risk

Operational: The Group's operational credit risk is primarily attributable either to receivables from PSPs and from customers who dispute their deposits made after playing on the Group's websites or to other receivables including B2B customers.

PSPs: Prior to accepting new PSPs and wherever practicable, credit checks are performed using a reputable external source. Senior management monitors PSP balances on a weekly basis, including aged debtor analysis, and promptly takes corrective action if pre-agreed limits are exceeded. For PSPs that do not have a formal credit rating, an internal rating system is used, based on such factors as industry knowledge, their statement of financial position, profitability, customer diversification, geographic diversification, long-term stability, management credibility, potential regulatory risk and historic payment track record.

These internal ratings are monitored and reviewed on a quarterly basis. An internal rating of one is assessed as very strong whilst a rating of five is assessed as weak.

	31 March 2016 €million	31 December 2015 €million
1 (Very Strong)	**24.9**	25.1
2 (Strong)	**2.6**	2.8
3 (Good)	**5.0**	3.6
4 (Satisfactory)	**0.3**	0.9
PSPs amounts due	**32.8**	32.4

Included within the amounts above is €5.7m relating to PSPs carried within assets held for sale. Management consider the maximum credit exposure on amounts due from PSPs to be the carrying amount.

During the period to 31 March 2016 a provision of €0.4m was recorded in respect of an overdue amount from a PSP which the Directors considered required impairment. There were no further amounts due from PSPs which the Directors considered required impairment as at 31 March 2016 and no impairments were considered necessary as at 31 December 2015. There is an inherent concentration of risk with PSPs, which are not investment grade banks, in that the majority derive most of their income from the online gaming sector. To this end, where practicable and economic, the Group seeks to substitute non-investment grade PSPs with investment grade, or, at least, better quality PSPs.

Other receivables: The Group has a small number of B2B customers with whom it works closely to provide its services. Nonetheless disputes may arise in the consideration as to the value of these services or it may be considered that the Group's customers may be considered to be financially insecure. Additionally other receivables arise within the Group outside of the normal course of business. During the period the Group considered a provision of €6.5m appropriate in respect of other receivables on its balance sheet.

Cash investments: The Group only invest cash with a small number of strong European financial institutions. The Group also invests cash in instant access pooled money market funds with a minimum long-term credit rating of AAA on the principal, as defined by Moody's rating agency. The Group can also purchase commercial paper provided the issuer is not a financial institution and has a one year credit default swap, as quoted by Bloomberg, of no more than 1%.

Investments are allowed only in highly liquid securities. The Group maintains monthly operational balances with strong local banks in Gibraltar, UK, France, Malta, Italy, Israel, Bulgaria, Austria, USA and India to meet local salaries, expenses and legal requirements. In Italy, Spain and France the Group maintains domestic segregated player funds accounts as required by the respective regulatory authorities. Cash is also held as security in Austria, Italy and UK primarily to support bank guarantees and as reserves for credit and debit card chargebacks. Other than this, non-central cash balances are kept to a minimum.

As at 31 March 2016 and 31 December 2015 all cash and short term investment balances were held at banks.

The treasury department may only make the following cash investments, without prior written authority by the GVC Board:

- cash deposits;
- pooled money market funds;
- certificates of deposit; and
- commercial paper.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Market risk

Market risk arises from the Group's use of interest-bearing, tradable and foreign currency financial instruments. It is the risk that the fair value of future cash flows on its long-term debt finance and cash investments through the use of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Currency and Interest rate risk

The Group's current net cash position is maintained primarily on a floating rate basis. In the event of a strategic change in the debt position of the Group, the interest rate management policy would be reviewed.

Transaction and currency liability exposures: The Group's policy is that all material transaction and currency liability exposures are economically and fully hedged using foreign exchange contracts and/or by holding cash in the relevant currency. Additionally, the Group has discretion to hedge some or all of its forecast sterling operational costs in Gibraltar and the UK for up to 12 months. No other forecast cash flows are hedged. The Group may also economically hedge material committed exposures such as capital expenditure unless the period between commitment and payment is short (less than one month). Currency exposures are monitored by the Group treasury function on at least a monthly basis. A €5 million currency tolerance limit between euros and US dollar, sterling and Canadian dollar (reduced to €3m between euro and any other currency) is permitted in order to avoid executing low value and uneconomic foreign exchange contracts.

Net investment exposures: The Group has the flexibility to hold debt in currencies other than euros in order to hedge non-euro investments up to 50% of the net investment value. In managing the mix of on-going debt exposure the Group takes into account prevailing interest rates in particular currencies and the potential impact on Group earnings ratios.

Sensitivity analysis to currency and interest rate risk

The Group has adopted a sensitivity analysis that measures the change to the fair value of the Group's financial instruments arising from a 10% strengthening or weakening in the reporting currency against all other currencies from the rates applicable at 31 March. The Group is exposed to currency movements in the euro, arising out of changes in the fair value of financial instruments which are held in non-euro currencies. This analysis is for illustrative purposes only, as in practice, market rates rarely change in isolation.

Whilst the Group is exposed to interest rate movements since it holds significant amounts of cash at floating rates as well as cash equivalents and other assets to meet client liability obligations that are non-interest bearing), the exposure is actually not significant as the Group's interest bearing assets and liabilities are naturally hedged. Therefore, interest rate sensitivity analysis has been omitted from the table below.

The amounts generated from the sensitivity analysis are estimates of the possible impact of market risk, assuming that specified changes occur. Actual results in the future may differ materially from these results due to other developments in financial markets that may cause fluctuations in interest and exchange rates to vary from the hypothetical amounts disclosed in the following table, which therefore should not be considered as a projection of likely future events and losses.

	(Decrease) increase in fair value of financial instruments		**Impact on earnings gain (loss)**	
	31 March 2016 €million	31 December 2015 €million	**31 March 2016 €million**	31 December 2015 €million
10% weakening in the reporting currency	**(0.4)**	(2.3)	**(1.1)**	(1.8)
10% strengthening in the reporting currency	**0.4**	2.5	**1.2**	1.9

Insurance

The Group purchases insurance for commercial or, where required, for legal or contractual reasons. The Group also retains certain insurable risk where external insurance is not considered an economic means of mitigating these risks.

29. Share-based payments

Period ended 31 March	**31 March 2016 €million**	31 March 2015 (Unaudited) €million
Total Shareholder Return based	**1.0**	0.9
Clean EBITDA / Clean EBITDA growth based	**0.4**	0.9
Other	**0.4**	1.2
Associated taxes	**0.1**	0.0
	1.9	3.0

Due to the acquisition by GVC there was an acceleration of the vesting of share options resulting in an increased share-based payments charge in 2015 and 2016 prior to the acquisition. Included within the share-based payments charge and current liabilities is €0.8m (2015: €nil) related to cash-settled share options that would otherwise have been settled in shares. Following the acquisition of the business by GVC on 1 February 2016, all shares outstanding at the time automatically vested and were able to be sold. Additionally all plans were then closed and no new shares will be granted under any of the plans.

Valuation basis

The Group previously granted awards as a reward and retention incentive for employees, including the Executive Directors. The Group used the Black-Scholes option pricing model to value these options unless the Monte Carlo option pricing model was deemed more appropriate. An appropriate discount was applied to reflect the fact that dividends were not paid on options that were not vested or had not vested and had not been exercised.

bwin.party digital entertainment plc 2014 Incentive Plan ('BIP')

The BIP was approved by the Company's shareholders on 24 February 2014 and succeeded the Bonus Banking Plan ('BBP') and Value Creation Plan ('VCP'), which reached the end of their three year period of operation on 31 December 2013. The BIP was split into two separate elements. Element A was virtually identical to the BBP except with a reduced maximum annual contribution (250% instead of 300%). Element B of the BIP, which replaced the VCP, allowed for the annual grant of restricted shares dependent on the extent to which the Company completed strategic and transformational objectives during the previous year, these projects having been set by the Remuneration Committee at the beginning of that previous year. Any award made under Element B was made in the form of a restricted share award or nil-cost share option. The shares previously vested on the third anniversary of grant, but were only eligible for sale on the fifth anniversary of grant although, following the acquisition by GVC, all shares vested and were eligible for sale.

BIP	Period ended 31 March 2016 million	Year ended 31 December 2015 Million
Outstanding at beginning of period	**6.2**	3.1
Shares over which options granted during the period	**–**	3.7
Shares in respect of options lapsed during the period	**–**	(0.3)
Exercised during the period	**(6.2)**	(0.3)
Outstanding at end of period	**–**	6.2
Exercisable at the end of period	**–**	0.0
Shares over which options granted during the period (number)	**–**	3,727,742
Percentage of total issued share capital	**–**	0.45%
Weighted average remaining contractual life of options outstanding upon satisfaction of performance conditions where relevant (days)	**–**	32

Bonus and Share Plan ('BSP')

The BSP plan also covered a three year period with annual performance targets set at the beginning of each year. If the targets were met the participant would receive nil-cost share-options which vested in equal instalments over the next three years. Following the acquisition of the business all

Bonus and share plan Period ended 31 March	Period ended 31 March 2016 million	Year ended 31 December 2015 million
Outstanding at beginning of period	**1.2**	1.5
Shares over which options granted during the period	**–**	1.3
Shares in respect of options lapsed during the period	**–**	–
Exercised during the period	**(1.2)**	(1.6)
Outstanding at end of period	**–**	1.2
Exercisable at the end of period	**–**	0.3
Shares over which options granted during the period (number)	**–**	1,312,320
Percentage of total issued share capital	**–**	0.16%
Weighted average remaining contractual life of options outstanding upon satisfaction of performance conditions where relevant (days)	**–**	32

Other share plans

All other share plans fully vested on acquisition by GVC and were exercised.

bwin.party Rollover Plan

These options were granted as a result of the Merger to replace the existing bwin options at the time using the same exchange ratio as for Shares. They are subject to the original vesting conditions and have no performance conditions. No new awards are to be granted under this plan.

Global Share Plan ('GSP')

Awards of free shares worth up to a maximum of £25,000 (or equivalent) may be made to each eligible employee each year. The award may be subject to performance conditions. There is flexibility to grant different types of free share award including nil-cost options, conditional awards of shares and restricted shares where the employee is the owner of the shares from the date of award.

Additionally, where employees buy shares up to a maximum of £1,500 each, they may be awarded additional free shares on a matching basis, up to a maximum of two matching shares for each purchased share. Purchased shares must be held for a minimum of three years for the matching shares to vest.

Directors are not eligible to receive any awards under this plan.

FMV Plan

Options granted under this plan during the period generally vest in instalments over a three year period. There are no performance conditions attached to options issued by the Group under the terms of the FMV Plan. Directors are not eligible to receive any awards under this plan. No new awards are to be granted under this plan.

Nil-Cost Plan

These options are not generally subject to performance conditions as this is regarded as detracting from their attraction and retention capabilities and instead usually vest on a phased basis over a four to five year period. No new awards are to be granted under this plan.

Period ended 31 March 2016	**bwin.party rollover plan Number million**	**GSP plan Number million**	**FMV plan Number million**	**Nil-Cost plan Number million**
Outstanding at beginning of period	**18.9**	**7.3**	**0.9**	**0.2**
Shares over which options granted during the period	**–**	**–**	**–**	**–**
Shares in respect of options lapsed during the period	**–**	**–**	**–**	**–**
Exercised during the period	**(18.9)**	**(7.3)**	**(0.9)**	**(0.2)**
Outstanding at end of period	**–**	**–**	**–**	**–**
Exercisable at the end of period	**–**	**–**	**–**	**–**
Shares over which options granted during the period (number)	**–**	**–**	**–**	**–**
Percentage of total issued share capital	**–**	**–**	**–**	**–**
Weighted average remaining contractual life of options outstanding upon satisfaction of performance conditions where relevant (days)	**–**	**–**	**–**	**–**

Year ended 31 December 2015	**bwin.party rollover plan Number million**	**GSP plan Number million**	**FMV plan Number million**	**Nil-Cost plan Number million**
Outstanding at beginning of period	20.6	6.5	2.2	0.2
Shares over which options granted during the period	–	6.1	–	0.0
Shares in respect of options lapsed during the period	(1.5)	(0.5)	(1.3)	–
Exercised during the period	(0.2)	(4.8)	–	–
Outstanding at end of period	18.9	7.3	0.9	0.2
Exercisable at the end of period	18.9	2.5	0.9	0.2
Shares over which options granted during the period (number)	–	6,099,466	–	26,880
Percentage of total issued share capital	n/a	0.7%	n/a	0.0%
Weighted average remaining contractual life of options outstanding upon satisfaction of performance conditions where relevant (days)	32	32	32	32

30. Dividend

The Board is not recommending any dividend during the period and no interim dividends were paid during the period ended 31 March 2016.

31. Non-controlling interests

Non-controlling interests comprise a 10% holding in bwin.party entertainment (NJ) LLC, a company incorporated in the United States. The loss attributable to the non-controlling interest in the period was €0.1m (Year ended 31 December 2015: €0.8m).

It previously also included a 28% holding in BES S.A.S, a company incorporated in France. This minority shareholding was acquired on 8 July 2015 for €8.8m with the accumulated losses of €6.5m attributable to this non-controlling interest transferred to retained earnings.

The balance of retained earnings attributable to non-controlling interests is disclosed in the table below:

	€million
As at 1 January 2015	7.0
Loss attributable to non-controlling interests	0.8
Transferral of minority interests on acquisition of minority interests	(6.5)
As at 31 December 2015	1.3
Loss attributable to non-controlling interests	**0.1**
As at 31 March 2016	**1.4**

32. Ultimate controlling party

Following the acquisition of the Company on 1 February 2016 the immediate controlling party was GVC Holdings Plc. In the opinion of the Directors there is no ultimate controlling party.

33. Post balance sheet events

On 19 April 2016 the Group agreed to dispose of its interest in Conspo for at least €15.5m with additional consideration due to the Group for certain working capital adjustments. A profit will be realised on the carried value of the asset of approximately €11.6m.

On 22 June 2016 the Group received initial cash consideration of €6.5m in respect of the disposal of the investment in Visa Europe Limited.

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 of the Company
'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'	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
'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. Following the takeover by GVC, the Company reregistered as bwin.party digital entertainment Limited.
Conspo	The Group's investment in Sportsman leisure industry solutions Gmbh (previously known as Conspo Sportcontent Gmbh)
'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
'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
‘GVC’	GVC Holdings Plc
‘IAS’	International Accounting Standards
‘IASB’	International Accounting Standards Board
‘IFRS’	International Financial Reporting Standards
‘InterTrader’	Our financial markets service, operating on Intertrader.com and Intertraderdirect.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
‘POCT’	Point of Consumption Tax, the tax introduced by the UK Gambling Commission in 2014 on all bets made by UK customers
‘PXP’	PXP Solutions Limited
‘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
‘wager’	a bet on a game or sporting event
‘WIN’	the Group’s Social Gaming business unit established in May 2012
‘WPT’	The World Poker Tour
‘yield per active player day’	net revenue in the period divided by the number of active player days in that period