14 September 2017

GVC Holdings PLC

("GVC" or the "Group")

Interim Results

GVC Holdings PLC (LSE:GVC), the multinational sports betting and gaming group, is pleased to announce its Interim Results for the six months ended 30 June 2017.

	Actual			Pro forma[1]		
Six months to 30 June	**2017**	**2016**	**Change**	**2016**	**Change**	**Constant Currency**
	€m	€m	%	€m	%	%
Net Gaming Revenue	486.2	390.6	25	441.8	10	12
Revenue	472.8	382.1	24	432.0	9	11
Clean EBITDA[2]	133.9	91.2	47	104.4	28	
Adjusted profit before tax[3]	101.9	51.3	99			
Adjusted fully diluted EPS[4] (€c)	31	20	55			
Dividend per share (€c) [5]	16.5	-	-			

Financial highlights

- NGR up 10% (+12% in constant currency) vs pro forma[1] H1 2016
- Clean EBITDA[2] of €133.9m up 28% vs pro forma[1] H1 2016 (€104.4m)
- Adjusted PBT[3] of €101.9m up 99% vs H1 2016 (€51.3m)
- Statutory loss before tax €6.6m (H1 2016 loss €86.1m)
- Adjusted fully diluted EPS[4] of 31c up 55% vs H1 2016 (20€c)
- Interim dividend 16.5€c per share
- Long-term refinancing secured
- Net debt as at 30 June 2017 €150.7m (0.6 x LTM Clean EBITDA)

Operational highlights

- Sports Brands gross win margin 9.8% (9.1% pro forma[1] H1 2016)
- Sports Brands NGR up 11% (+13% constant currency) vs pro forma[1] H1 2016
- Games Brands NGR up 8% (+10% constant currency) vs pro forma[1] H1 2016
- On target to achieve €125m[6] synergy run rate by end of 2017
- Disposal of Kalixa Group for €29m completed May 2017 and up to €2.6m in deferred consideration

Current Trading (Q3 for period up to 10 September)

- Daily Group NGR up 12% (+15% constant currency)
- Underlying[7] daily NGR up 20% (+23% constant currency)
- Board now expects Clean EBITDA for the current year to be comfortably ahead of analysts consensus[8]

Kenneth Alexander (CEO) said:

"I am delighted with the strong progress across the Group, which has continued to exceed our expectations since last year's acquisition of bwin.party. A combination of high quality talent, proprietary technology and proven brands are key components driving the business forward. Scale and geographic diversification are increasingly important as the regulatory environment evolves and competition increases. The strong performance of the business together with the smooth integration of bwin.party continues to present exciting organic growth opportunities. In addition, given its proven track record of creating shareholder value, GVC remains well positioned to continue to play a pivotal role in the industry's consolidation, should the right opportunities arise."

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

[1]Assumes bwin.party acquired 1 January 2016
[2]EBITDA before exceptional items and share based payments
[3]Profits before exceptional items, amortisation associated with acquisition, dividends from previously sold businesses, impairments, changes in fair value of derivative financial instruments and amortisation of early repayment of option on loan
[4]Adjusted profit before tax[3] less tax associated with adjusted profit[3]
[5]For the 2016 financial year 30€c of dividends were paid out in 2017
[6]Synergy target as disclosed in offer document dated 13 November 2015
[7]Underlying includes stripping out Euro 2016 and Kalixa
[8]2017 Clean EBITDA forecast consensus €255.9m (range €243.8m-€262.2m; source: Factset 08/09/17)

Presentation and live webcast

A presentation for analysts and investors will be held today at 9:30am BST in the offices of Nomura, 1 Angel Lane, London, EC4R 3AB.

The presentation will be webcast live and available at:
http://www.investis-live.com/gvc-holdings/59a6a1485c0472100016b2ca/jrsj

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

Dial In Number:	+44 (0)20 3059 8125
Conference password:	GVC

There will also be a replay available for one week.

Dial in no:	+44 (0)121 260 4861
Conference reference number:	7016009#

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

- ends -

For further information:
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About GVC Holdings PLC
GVC Holdings PLC is a leading e-gaming operator in both B2C and B2B markets. GVC has four business segments with a number of brands; Sports Brands (bwin, Sportingbet, Gamebookers), Games Brands (partypoker, partycasino, Foxy Bingo, Gioco Digitale, CasinoClub), B2B and non-core assets. GVC acquired bwin.party digital entertainment plc on 1 February 2016. The Group is headquartered in the Isle of Man, is a constituent of the FTSE 250 index and has licences in more than 18 countries.

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

Chief Executive's review

The Group has continued to make strong progress, with the integration of bwin.party substantially completed, in a little over 18 months since its acquisition in February 2016. As a consequence we are on track to secure the targeted €125m of synergies announced at the time of the bwin.party transaction, by the end of the current year. The migration of the remaining territories onto the bwin.party technology platform is expected to be completed by the end of 2017.

Group NGR for the first six months rose 10% (+12% constant currency) to €486.2m compared to pro forma €441.8m for the same period in 2016 (actual NGR €390.6m). This was particularly pleasing as the corresponding period last year was boosted by the UEFA Euro 2016 tournament. Excluding these revenues, underlying NGR growth for the period was 14%. A combination of top line growth and synergy benefits meant Clean EBITDA of €133.9m represented a 28% improvement on the pro forma €104.4m (€91.2m actual) reported in H1 2016. As a result, the Clean EBITDA margin increased to 28% (24% pro forma H1 2016).

The refinancing that replaced the Cerberus Loan with a six year €250m Term Loan and €70m RCF, led to a significant reduction in interest payable (pre exceptional costs) to €7.5m from €21.1m in H1 2016. After share based payment costs of €10.5m (H1 2016 €6.5m), adjusted profit before tax was €101.9m, an increase of 99% on H1 2016 (€51.3m). Meanwhile, adjusted fully diluted EPS rose 55% to 31€c per share from 20€c the previous year. An interim dividend of 16.5€c per share was also declared. In total, this interim dividend together with the special and final dividends declared in relation to the prior year, means that the Group will have returned over €138m (46.5 €c) to shareholders via dividend payments in 2017.

Also in H1 we completed the disposal of our non-core payments business, Kalixa Group, for a cash consideration of €29.0m and up to €2.6m of deferred consideration.

Strategically, the organic growth potential remains exciting and through further product development and increased marketing investment we are well placed to pursue these opportunities. However, we operate in an industry where regulation and increased taxation present headwinds and these are best addressed through scale and diversification. The combination of our people, proprietary technology and proven M & A track record, means GVC is well positioned to play a significant role in the industry's ongoing consolidation. Our focus is to build further scale in markets where we have identified an opportunity for expansion and explore new fast growing markets, both in terms of products and geography.

Operational overview

GVC operates through four divisions; Sports Brands, Games Brands, B2B and Non-core.

Sports Brands

GVC operates a number of market leading sports brands including bwin and Sportingbet. As well as sports betting, these brands also offer an extensive range of gaming products in most markets in which they operate.

The first half of 2017 saw a continuation of the positive momentum reported in 2016 across all segments of Sports Brands, despite the absence of a major football tournament during the summer months. Amounts wagered were flat in constant currency ((1%) reported), however, adjusting for the UEFA Euro 2016 tournament, underlying wager growth was +4%. The sports gross win margin improved to 9.8% (9.1%), broadly in line with our expectation of a long-term average of 10%. Sports NGR rose 6% to €172.7m (+7% in constant currency) compared to pro forma H1 2016 – adjusting for UEFA Euro 2016, underlying NGR growth was +15%. Gaming NGR from Sports Brands continues to grow strongly, driven by improved product and more effective CRM. During the period, gaming NGR rose 16% to €182.4m against pro forma 2016.

Six months to 30 June (€m)	Pro forma 2017	2016	*Change*	*Constant currency*	Actual 2016
Sports wagers	2,265.2	2,298.6	(1%)	0%	2,082.6
Sports margin %	9.8%	9.1%			9.2
Sports NGR	172.7	163.4	6%	7%	146.2
Gaming / other	182.4	157.2	16%	18%	141.3
NGR	**355.1**	**320.6**	**11%**	**13%**	**287.5**
EU VAT	(9.8)	(8.2)	(20%)		(7.1)
Revenue	345.3	312.4	11%	13%	280.4
Contribution	194.2	177.7	9%		157.6
Contribution margin %	55%	55%			55%

Contribution from Sports Brands increased 9% to €194.2m (€177.7m pro forma H1 2016), with the margin 55% (55% pro forma H1 2016). Marketing spend as a percentage of NGR was 19% (18% pro forma H1 2016) and, as previously guided, we expect this to rise in H2 as we return to more normalised levels of investment.

Looking ahead, we have continued to add new games content and believe we have one of the strongest offerings in the industry. Sports product development will be a particular focus going forward, with a significant pipeline of enhancements. Our new tennis product was launched during the summer and this was well received by customers. We are now less than 12 months from the FIFA World Cup in Russia and our marketing and product development roadmaps are very much focused around the run up to the industry's most popular betting event.

August saw the launch of a new ambitious marketing campaign for the bwin brand. Early results are very encouraging with new sign ups and first time deposit ("FTDs") values up 113% and 98% respectively in the DACH region. Equally pleasing has been the performance of the campaign in the regulated markets of Belgium, Italy and Spain, where FTDs year on year in August have risen by between 50%-200%. The combination of an increasing number of new customers together with continuous product enhancement, should deliver material long-term benefits to the Group.

Games Brands

The Group owns a portfolio of well-established stand-alone gaming brands including partypoker, partycasino, CasinoClub, Gioco Digitale and Foxy Bingo.

Six months to 30 June (€m)	Pro forma 2017	2016	*Change*	*Constant currency*	Actual 2016
Sports wagers	34.8	31.1	12%	11%	24.8
Sports margin %	13.9%	8.4%			8.4%
Sports NGR	1.9	2.3	(19%)	(20%)	1.9
Gaming / other	110.5	101.3	9%	11%	86.5
NGR	**112.4**	**103.6**	**8%**	**10%**	**88.4**
EU VAT	(3.6)	(1.6)	(112%)		(1.4)
Revenue	108.8	102.0	7%	9%	87.0
Contribution	39.2	44.4	(12%)		38.2
Contribution margin %	35%	43%			43%

Prior to its acquisition, Games Brands were the most challenged segment within bwin.party. It is therefore pleasing to report that after returning the division to growth during H2 2016, after many years of decline, the performance of Games Brands accelerated markedly through the first six months of 2017. Divisional NGR increased 8% (+10% constant currency) to €112.4m (€103.6m pro forma H1 2016), whilst the contribution decreased to €39.2m (€44.4m pro forma H1 2016) – due to timing of investment, particularly in partypoker.

The strongest performance came from partypoker, where NGR rose 32%, whilst the value of deposits increased 48%. A combination of factors are behind the impressive growth including product development, increased marketing, localised market focus and improved player experience. From a contribution perspective, we expect to see the benefits of the increased investment in partypoker to come through in the second half of the current year and beyond. Indeed, Q3 has seen a further acceleration in deposit value and NGR growth.

Casino brands also achieved positive growth with CasinoClub, Gioco Digitale and partycasino all delivering improved top line performances in H1 2017. CasinoClub continues to benefit from one of the most loyal customer bases in the industry, with more than two thirds of revenues coming from those that have been with the brand for five years or more. Gioco Digitale’s performance is equally as pleasing with deposits growing strongly in H1.

Bingo is the smallest product vertical for the Group and a deliberate decision was made to significantly reduce marketing spend in the first six months. Accordingly whilst revenue declined in H1 2017, contribution was significantly higher. During the first half Foxy was relaunched with Hollywood actress, Heather Graham, being the new face of the brand. The second half has started well with Cashcade returning to top line growth in Q3.

Although there has been a significant improvement within Games Brands, there is much more yet to come in terms of product and the overall customer experience. All the acquired bwin.party brands have been reinvigorated and we expect further progress in the second half of the year and beyond.

B2B

	Pro forma			Actual
Six months to 30 June (€m)	**2017**	**2016**	***Change***	**2016**
Revenue	7.6	6.5	17%	5.6
Contribution	7.7	6.4	20%	5.5
Contribution margin %	101%	98%		98%

The Group provides B2B services for a number of well-known gaming companies including MGM, Danske Spil and PMU. B2B offers the potential for the Group to gain access to markets where stand-alone or acquisition opportunities are more limited.

At the end of 2016 we expanded our relationship with MGM to launch new brands into the New Jersey online market, beyond the existing Borgata offering. A new MGM branded casino and poker offer was subsequently launched in August 2017. We continue to evaluate further B2B opportunities in the US as further states, such as Pennsylvania, look to regulate online gaming. In June we announced a partnership with one of Russia’s leading media groups, Rambler Media, to launch a licenced online sports betting proposition. GVC will provide technology and associated services, along with licencing the bwin brand to the venture. The new site, bwin.ru, is expected to go live before the end of the year.

We continue to have an active pipeline of B2B opportunities.

Non-core

Six months to 30 June (€m)	Pro forma 2017	2016	*Change*	Actual 2016
Revenue	11.1	11.1	0%	9.1
Contribution	(0.3)	(0.4)	25%	(0.4)
Contribution margin %	(3%)	(4%)		(4%)

Following the disposal of Kalixa in May, the division solely consists of InterTrader, our financial spread betting and CFD business. Prior to its disposal at the end of May, Kalixa contributed revenues of €6.1m in the period (€7.6m pro forma H1 2016). InterTrader revenues in constant currency grew 62% against pro forma H1 2016, with the previous year being impacted by the migration to a new platform provider.

Regulatory update

The regulatory landscape continues to evolve across the globe, particularly Continental Europe. Whilst we welcome sustainable and fair legislation, the national regulatory regimes across EU Member States differ significantly due to the lack of harmonised gaming rules at EU level.

In H1 2017, approximately 68% of Group NGR was derived from territories where we are licensed or currently pay gaming taxes/VAT or where a licensing structure is in the process of being implemented.

During the period under review, we withdrew our licence application in the Czech Republic. We believe the opaque licensing process falls someway short of being compliant with the principals of EU law. Poland also introduced new legislation in 2017, which creates an online casino monopoly, which in our opinion is clearly contrary to EU law. We continue to support industry attempts to improve legislation through the EU legal process.

In Germany, following elections, the state of Schleswig-Holstein has said it will not ratify proposed amendments to the State Gaming Treaty that were proposed in November 2016. The key amendment was a removal of the ceiling of the number of sports licences but with no change to the inability to gain licences for poker and casino. Schleswig-Holstein is currently the only state in Germany that licences all gaming verticals and is calling for other states to adopt its regulatory structure.

Current trading and outlook

The strong trading reported for the first two quarters has continued into Q3. Daily Group NGR is up 12% (for the period up to 10 September) against the corresponding period last year. In constant currency, daily NGR is up 15%. Underlying daily NGR which includes stripping out Euro 2016 and Kalixa is up 20% (23% constant currency). As a consequence of this together with the performance achieved during the first half, the Board now expects Group Clean EBITDA for the current year to be comfortably ahead of the current analysts' consensus forecast of €255.9m.

Chief Financial Officer's review

The purchase of bwin.party was completed on 1 February 2016 and in order to compare results on a like for like basis, pro forma H1 2016 assumes the acquisition took place on 1 January 2016. A summary of revenue, contribution and expenditure by reporting segment is shown below.

Six months to 30 June	**2017**	**Pro forma 2016**	**Actual 2016**
	€m	**€m**	**€m**
Sports brands	2,265.2	2,298.6	2,082.6
Games brands	34.8	31.1	24.8
Sports wagers	**2,300.0**	**2,329.7**	**2,107.4**
Sports margin %	9.8	9.1	9.2
Sports brands	355.1	320.6	287.5
Games brands	112.4	103.6	88.4
B2B	7.6	6.5	5.6
Core	475.1	430.7	381.5
Non-core	11.1	11.1	9.1
NGR	**486.2**	**441.8**	**390.6**
EU VAT	(13.4)	(9.8)	(8.5)
Revenue	**472.8**	**432.0**	**382.1**
Sports brands	194.2	177.7	157.6
Games brands	39.2	44.4	38.2
B2B	7.7	6.4	5.5
Core	241.1	228.5	201.3
Non-core	(0.3)	(0.4)	(0.4)
Contribution	**240.8**	**228.1**	**200.9**
Sports brands	55%	55%	55%
Games brands	35%	43%	43%
B2B	101%	99%	98%
Core	51%	53%	53%
Non-core	(3%)	(4%)	(4%)
Contribution margin	**50%**	**52%**	**51%**
Core	(80.5)	(94.6)	(84.2)
Non-core	(6.3)	(8.5)	(7.1)
Corporate	(20.1)	(20.6)	(18.4)
Expenditure	**(106.9)**	**(123.7)**	**(109.7)**
Core	160.6	133.9	117.1
Non-core	(6.6)	(8.9)	(7.5)
Corporate	(20.1)	(20.6)	(18.4)
Clean EBITDA	**133.9**	**104.4**	**91.2**

NGR and Revenue

NGR increased 25% to €486.2m for the six months to 30 June 2017 (+10% pro forma H1 2016), whilst on a constant currency basis growth on pro forma H1 2016 was +12%. GVC is an internationally diverse business, with Euro denominated business accounting for c55% of NGR. Key non Euro currencies include Pound Sterling (c10% of NGR) and Turkish Lira (c10%).

The Group pays VAT on gaming revenues in a number of European countries, the most significant being Germany. After VAT of €13.4m, (€8.5m H1 2016) revenues during the period were €472.8m vs €382.1m for the same period in 2016 (€432.0m pro forma H1 2016).

Variable costs and contribution

The key component parts of variable costs continue to include betting taxes and duties, payment processing costs, software royalties, affiliate commissions, partner shares and marketing costs.

Contribution after variable costs in the period was €240.8m, up from €200.9m in H1 2016 (€228.1m pro forma H1 2016). The contribution margin decreased to 50% from pro forma 52%. Marketing costs increased as a proportion of NGR to 24% in H1 2017 vs 21% for pro forma H1 2016. As guided, in 2016 marketing cost was lower than normal due to the restructuring of bwin.party post the acquisition and in 2017 we expect to return to a more normalised level of 23-25% of NGR. There was some non-material, incremental cost in gaming taxes. Software royalties also increased as a proportion reflecting the strong cross sell performance from Sports Brands. However, underlying royalty costs have reduced as part of the targeted synergy benefits.

Expenditure

The principle expenditure items are personnel and technology costs, which combined account for 84% of the fixed cost base. Other significant costs include real estate, travel and professional fees.

		Pro forma	**Actual**
Six months to 30 June	**2017**	**2016**	**2016**
	€m	**€m**	**€m**
Personnel expenditure	65.0	70.3	61.7
Professional fees	8.8	9.7	8.3
Technology costs	24.9	35.9	32.5
Office, travel and other costs	9.8	12.6	10.7
Foreign exchange differences	(1.6)	(4.8)	(3.5)
	106.9	**123.7**	**109.7**

Against pro forma H1 2016, costs decreased by 14% to €106.9m. Personnel costs reflect a change in the bonus structure reflecting a greater provision than in the corresponding period last year.

Clean EBITDA

While Clean EBITDA is a non GAAP measure, it is used by the Group's management to assess the underlying performance of the business. Clean EBITDA for the period under review was €133.9m, compared to €91.2m reported for H1 2016 (€104.4m pro forma H1 2016). As a result the Clean EBITDA margin improved to 28% vs 24% for pro forma H1 2016.

Depreciation and amortisation

Depreciation for the period was €8.7m, while total amortisation was €65.4m. Amortisation consists of €5.9m associated with internally generated assets and €59.5m relating to assets recognised on acquisition.

Six months to 30 June	2017	2016
	€m	€m
Depreciation	8.7	10.4
Amortisation		
- intangible assets recognised on acquisition	59.5	52.2
- internally generated intangibles	5.9	2.9
	74.1	**65.5**

Exceptional items

Total exceptional costs incurred during the period amounted to €15.7m, of which €11.1m were associated with the restructuring post the bwin.party acquisition.

Six months to 30 June	2017	2016
	€m	€m
M & A costs	2.3	46.1
Premium listing application costs	-	4.4
Reorganisation costs	11.1	5.1
Accelerated depreciation	-	12.5
Progressive jackpots	-	7.6
Foreign exchange on deposit	0.3	13.6
Legal settlements	0.8	-
Other	1.2	-
Total	**15.7**	**89.3**

Operating profit

The Group reported an operating profit of €9.5m for the period compared to a loss of €60.8m for the same period in 2016. Excluding exceptional items, amortisation associated with the acquisition of bwin.party, impairments of assets held for sale and available for sale assets and changes in the fair value of derivative financial instruments, adjusted operating profit was €108.8m vs €71.4m for H1 2016.

Financing charges

During the first half of 2017, the Cerberus Loan was repaid in full by a bridging facility provided by Nomura International plc. The Nomura facility was subsequently replaced by a €250m six year Term Loan and €70m revolving credit facility.

Six months to 30 June	2017	2016
	€m	€m
Loan interest	7.3	21.1
Amortisation of loan fees and early repayment option	9.2	8.3
Other interest	0.2	-
	16.7	**29.4**

Interest payments in the period were €7.3m, whilst amortisation and other charges associated with the refinancing deals amounted to €9.2m. In aggregate net finance charges totalled €16.5m in H1 2017.

(Loss)/profit after tax

The Group reported a pre-tax loss of €6.6m for the period compared to a loss of €86.1m for H1 2016. Excluding exceptional items, amortisation of acquired intangibles, impairments, changes in the value of derivative instruments and loan amortisation fees, adjusted pre-tax profit for the first six months was €101.9m (€51.3m).

Six months to 30 June	**2017**	**2016**
	€m	**€m**
Loss before tax	(6.6)	(86.1)
Exceptional items	15.7	89.3
Impairment of available for sale asset	-	4.8
Impairment of assets held for sale	1.6	-
Changes in the fair value of derivative instruments	22.5	(14.1)
Amortisation of acquired intangibles	59.5	52.2
Dividend income	-	(3.1)
Amortisation of loan fees and early repayment options	9.2	8.3
Adjusted profit before tax	**101.9**	**51.3**
Taxation	(7.8)	(1.2)
Adjusted profit	**94.1**	**50.1**
Adjusted fully diluted earnings per share (€c)	**31**	**20**

Taxation

The total tax charge for the period amounted to €0.9m, the corporation tax charge was €8.2m and there was a deferred tax credit of €7.3m.

Earnings per share

Reported EPS for the period was a loss of 2€c compared to a loss of 33€c for the corresponding period in 2016. Adjusted fully diluted EPS (based on adjusted profit) was 3€c vs 20€c in H1 2016.

Dividends

A special dividend of 14.9€c per share was declared in December 2016 and subsequently paid in February 2017. A final dividend of 15.1€c per share in relation to the 2016 financial year was declared in March 2017 and paid to shareholders in May 2017.

An interim dividend of 16.5€c per share has been declared and will be paid on 19 October 2017. The interim dividend declared is expected to represent 50% of the aggregate full year payout. As previously announced, we will pursue a progressive dividend policy, reflecting the growth in business and aiming to return no less than 50% of free cash flow.

Dividend timetable

14 September 2017	Dividend declared
21 September 2017	Ex-dividend date
22 September 2017	Record date
19 October 2017	Payment

Cash flow

Six months to 30 June	**2017**	**2016**
	€m	**€m**
Clean EBITDA	133.9	91.2
Capitalised software development	(11.5)	(8.2)
Other intangible asset purchases	(2.7)	(4.4)
Property, plant and equipment purchases	(7.1)	(4.4)
Interest paid including loan costs	(32.2)	(20.9)
Corporate taxes	(12.4)	(5.2)
Other working capital movements	(38.1)	(40.7)
Free cash flow before exceptional costs	**29.9**	**7.4**
Exceptional items (cash)	(15.7)	(59.7)
Acquisitions (net of cash acquired)	-	(186.9)
Proceeds from issued share capital net of costs	25.6	192.0
Proceeds from disposals	29.0	6.6
Interest bearing loan drawdown	500.0	380.0
Loan repayments	(636.5)	(42.0)
Dividends paid	(88.8)	-
Other cash movements	1.1	10.9
Net cash generated	**(155.4)**	**308.3**
Foreign exchange	-	1.0
Cash and cash equivalents at beginning of period	367.0	28.2
Cash and cash equivalents at the end of period	**211.6**	**337.5**

Free cash flow in the period was €29.9m. There was a net working capital outflow of €38.1m, which was principally due to the settlement of staff bonuses and trade payables. Capital expenditure during the first half was €21.3m, of which €11.5m represented investment in internally generated assets. We expect capital expenditure for the full year to be around €35-40m. Exceptional cash costs predominantly associated with the restructuring of the business post the acquisition of bwin.party amounted to €15.7m. For the year as a whole we anticipate the exceptional cash cost being in the range of €25-35m.

The Group incurred interest and financing fees of €32.2m in the first half, the majority of which related to the redemption of the Cerberus Loan. Other notable cash movements included dividends (€88.8m) and €25.6m received from the exercise of share options. During the period there was a net cash outflow of €155.4m predominantly as a result of reducing the Group's borrowings from €386.5m to €250m.

Net debt and liquidity

During the first half the Group successfully refinanced its debt facilities, extending the term and significantly reducing the cost. The Group's debt facilities consist of a Euribor +3.25% €250m six year term loan and a €70m revolving credit facility. Net debt as at 30 June 2017 was €150.7m, representing leverage of 0.6x (last twelve months Clean EBITDA).

Six months to 30 June	**2017**	**2016**
	€m	**€m**
Loans due <1 year	-	(400.0)
Loans due >1 year	(250.0)	-
Gross debt	(250.0)	(400.0)
Cash and cash equivalents	211.6	337.5
Less client liabilities	(112.3)	(107.8)
Net debt	(150.7)	(170.3)
Cash in transit with payment processors	46.2	57.6
Net debt adjusted for payment processors	**(104.5)**	**(112.7)**

Review of balance sheet

A summarised balance sheet is shown below.

(€m)	**As at 30 June 2017**	**As at 31 December 2016**
Goodwill	1,090.3	1,090.3
Other intangible assets	467.1	519.1
Other non-current assets	27.2	28.3
Total non-current assets	1,584.6	1,637.7
Cash & cash equivalents	211.6	354.8
Trade receivables	109.7	105.2
Other current assets	19.1	98.0
Total current assets	340.4	558.0
Total assets	**1,925.0**	**2,195.7**
Trade and other payables	(73.3)	(93.9)
Balances with customers	(112.3)	(112.0)
Progressive prize pools	(15.3)	(22.8)
Loans and borrowings	(1.8)	(403.5)
Other current liabilities	(70.6)	(89.3)
Total current liabilities	(273.3)	(721.5)
Loans and borrowings	(246.6)	-
Deferred tax	(59.2)	(65.6)
Other non-current liabilities	(10.8)	(11.3)
Total non-current liabilities	(316.6)	(76.9)
Total net assets	**1,335.1**	**1,397.3**

The most significant movement in the balance sheet is the decrease in current liabilities and the increase in non-current liabilities. This reflects the debt refinancing undertaken in the first half, with the full repayment of the outstanding Cerberus loan and associated liabilities (€403.5m as at 31 December 2016) and replacement by the €250m 6 year term loan detailed above.

Paul Miles
Chief Financial Officer

Principal risks

The principal risks which could impact the Group for the remainder of the year are set out below. Further information on these risks and actions taken by the Group to mitigate them are disclosed on pages 32 to 33 of the Group's 2016 Annual Report.

Technology

- Denial of Service attacks or similar
- Natural or man-made disasters may affect continuity of operations
- Migration of brands to the acquired bwin.party technology platform

Regulatory

- Ensuring compliance in regulated markets
- Additional regulation and enforcement

Taxation

- Imposition of additional gaming or other indirect taxes
- Changes in VAT rules within the EU impacting the digital economy

Country and currency risk

- Macro-economic decline in core European markets
- Devaluation of the Group's operating currency

Impact of Brexit

- Potential reduction of the Group's ability to challenge protectionist measures at EU level

Statement of Directors' Responsibilities

The Directors confirm that to the best of their knowledge:

- The unaudited condensed consolidated set of financial information has been prepared in accordance with IAS 34 'Interim Financial Reporting'; and
- The interim management report includes a fair review of the information required by: (a) DTR 4.2.7R, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the financial year; (b) DTR 4.2.8R, being material related party transactions that have taken place in the first six months of the current financial year and any material changes in the related party transactions described in the Annual Report for the year ended 31 December 2016.

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

By order of the Board

Robert Hoskin
Company Secretary

13 September 2017

Independent review report to GVC Holdings PLC

Introduction
We have reviewed the condensed set of financial statements in the half-yearly financial report of GVC Holdings PLC (the company) for the six months ended 30 June 2017, which comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Statement of Cash Flows and the related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company, as a body, in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. Our review work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company as a body, for our review work, for this report, or for the conclusion we have formed.

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

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

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

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

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2017 is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

13 September 2017

CONDENSED CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2017

	Notes	**Period Ended 30 June 2017 (Unaudited) €m**	Period Ended 30 June 2016 (Unaudited) €m
NGR		**486.2**	390.6
EU VAT		**(13.4)**	(8.5)
Revenue	2	**472.8**	382.1
Cost of sales		**(232.0)**	(181.2)
Contribution	2	**240.8**	200.9
Administrative costs	3	**(106.9)**	(109.7)
Clean EBITDA		**133.9**	91.2
Share based payments	11	**(10.5)**	(6.5)
Exceptional items	3	**(15.7)**	(89.3)
Depreciation and amortisation	3	**(74.1)**	(65.5)
Impairment of assets held for sale	8	**(1.6)**	-
Impairment of available for sale asset		**-**	(4.8)
Changes in the fair value of derivative financial instruments	9	**(22.5)**	14.1
Operating profit (loss)		**9.5**	(60.8)
Financial income		**0.6**	0.9
Financial expense	4	**(16.7)**	(29.4)
Dividend income		**-**	3.1
Share of profit of associate		**-**	0.1
Loss before tax		**(6.6)**	(86.1)
Taxation (expense) credit	5	**(0.9)**	1.9
Loss after tax		**(7.5)**	(84.2)
Loss after tax for the period attributable to:			
Owners of the parent		**(7.3)**	(84.0)
Non-controlling interests		**(0.2)**	(0.2)
Loss per share		**€**	**€**
Basic	6	**(0.02)**	**(0.33)**
Diluted	6	**(0.02)**	**(0.33)**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2017

	Notes	**Period Ended 30 June 2017 (Unaudited) €m**	Period Ended 30 June 2016 (Unaudited) €m
Loss for the period		**(7.5)**	(84.2)
Other comprehensive expense			
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(2.5)**	(3.1)
Total comprehensive expense for the period		**(10.0)**	(87.3)
Loss after tax for the period attributable to:			
Owners of the parent		**(9.8)**	(87.1)
Non-controlling interests		**(0.2)**	(0.2)

The notes on pages 19 to 30 form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2017

	Notes	**30 June 2017 (Unaudited) €m**	31 December 2016 (Audited) €m	30 June 2016 (Unaudited) €m
Non-current assets				
Intangible assets	7	**1,557.4**	1,609.4	1,660.8
Property, plant and equipment		**18.1**	19.7	20.0
Trade and other receivables		**3.9**	4.9	-
Investments and available for sale financial assets		**4.0**	3.7	1.4
Deferred tax	5	**1.2**	-	0.8
Total non-current assets		**1,584.6**	1,637.7	1,683.0
Current assets				
Trade and other receivables		**109.7**	105.2	116.3
Derivative financial assets		**3.7**	26.2	25.3
Income and other taxes reclaimable		**8.5**	6.7	8.6
Short term investments		**4.9**	5.4	5.3
Cash and cash equivalents		**211.6**	354.8	302.9
Assets in disposal groups classified as held for sale	8	**2.0**	59.7	75.3
Total current assets		**340.4**	558.0	533.7
Total assets		**1,925.0**	2,195.7	2,216.7
Current liabilities				
Trade and other payables		**(73.3)**	(93.9)	(75.9)
Balances with customers		**(112.3)**	(112.0)	(107.8)
Progressive prize pools		**(15.3)**	(22.8)	(18.4)
Amounts due under finance leases		**-**	-	(0.2)
Loans and borrowings	9	**(1.8)**	(403.5)	-
Provisions		**(1.1)**	(1.2)	(8.9)
Income taxes payable		**(14.9)**	(18.2)	(15.5)
Other taxation payable		**(53.5)**	(47.2)	(40.2)
Liabilities in disposal groups classified as held for sale	8	**(1.1)**	(22.7)	(29.8)
Total current liabilities		**(273.3)**	(721.5)	(296.7)
Current assets less current liabilities		**67.1**	(163.5)	237.0
Non-current liabilities				
Trade and other payables		**(4.3)**	(4.4)	(1.8)
Loans and borrowings	9	**(246.6)**	-	(408.1)
Provisions		**(6.5)**	(6.9)	-
Deferred tax	5	**(59.2)**	(65.6)	(70.9)
Total non-current liabilities		**(316.6)**	(76.9)	(480.8)
Total net assets		**1,335.1**	1,397.3	1,439.2
Capital and reserves				
Issued share capital		**3.0**	2.9	2.9
Merger reserve		**40.4**	40.4	40.4
Share premium		**1,503.9**	1,478.4	1,477.6
Translation reserve		**(4.5)**	(2.0)	(2.8)
Retained earnings		**(206.0)**	(120.9)	(77.5)
Total equity attributable to equity holders of the parent		**1,336.8**	1,398.8	1,440.6
Non-controlling interests		**(1.7)**	(1.5)	(1.4)
Total equity		**1,335.1**	1,397.3	1,439.2

The notes on 19 to 30 form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2017

	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 2016 (audited)	0.6	40.4	85.4	0.3	1.4	**128.1**	-	**128.1**
Share based payments	-	-	-	-	5.9	**5.9**	-	**5.9**
Share options surrendered	-	-	-	-	(0.8)	**(0.8)**	-	**(0.8)**
Share options exercised	-	-	0.3	-	-	**0.3**	-	**0.3**
Issue of share capital for the acquisition of bwin.party	2.3	-	1,391.9	-	-	**1,394.2**	-	**1,394.2**
Resulting from the acquisition of bwin.party	-	-	-	-	-	**-**	(1.2)	**(1.2)**
Transactions with owners	2.3	-	1,392.2	-	5.1	**1,399.6**	(1.2)	**1,398.4**
Loss for the period attributable to the parent	-	-	-	-	(84.0)	**(84.0)**	-	**(84.0)**
Loss for the period attributable to the non-controlling interest	-	-	-	-	-	**-**	(0.2)	**(0.2)**
Other comprehensive expense attributable to the parent	-	-	-	(3.1)	-	**(3.1)**	-	**(3.1)**
Other comprehensive income attributable to the non-controlling interest	-	-	-	-	-	**-**	-	**-**
Total comprehensive income for the period	-	-	-	(3.1)	(84.0)	**(87.1)**	(0.2)	**(87.3)**
Balance as at 30 June 2016 (unaudited)	2.9	40.4	1,477.6	(2.8)	(77.5)	**1,440.6**	(1.4)	**1,439.2**
Balance at 1 January 2017 (audited)	2.9	40.4	1,478.4	(2.0)	(120.9)	**1,398.8**	(1.5)	**1,397.3**
Share based payments	-	-	-	-	11.0	**11.0**	-	**11.0**
Share options surrendered	-	-	-	-	-	**-**	-	**-**
Share options exercised	0.1	-	25.5	-	-	**25.6**	-	**25.6**
Dividends paid	-	-	-	-	(88.8)	**(88.8)**	-	**(88.8)**
Transactions with owners	0.1	-	25.5	-	(77.8)	**(52.2)**	-	**(52.2)**
Loss for the period attributable to the parent	-	-	-	-	(7.3)	**(7.3)**	-	**(7.3)**
Loss for the period attributable to the non-controlling interest	-	-	-	-	-	**-**	(0.2)	**(0.2)**
Other comprehensive expense attributable to the parent	-	-	-	(2.5)	-	**(2.5)**	-	**(2.5)**
Other comprehensive income attributable to the non-controlling interest	-	-	-	-	-	**-**	-	**-**
Total comprehensive income for the period	-	-	-	(2.5)	(7.3)	**(9.8)**	(0.2)	**(10.0)**
Balance as at 30 June 2017 (unaudited)	**3.0**	**40.4**	**1,503.9**	**(4.5)**	**(206.0)**	**1,336.8**	**(1.7)**	**1,335.1**

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 19 to 30 form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2017

	Notes	**Period Ended 30 June 2017 (Unaudited) €m**	Period Ended 30 June 2016 (Unaudited) €m
Cash flows from operating activities			
Cash receipts from customers		**499.5**	398.1
Cash paid to suppliers and employees		**(419.4)**	(407.3)
Interest paid including initial costs and loan servicing	9	**(32.2)**	(20.9)
Corporate taxes paid		**(12.4)**	(5.2)
Net cash generated (used) in operating activities		**35.5**	(35.3)
Cash flows from investing activities			
Interest received		**0.6**	0.9
Dividends received		**-**	3.1
Acquisition earn-out payments (Betboo)		**-**	(1.2)
Acquisition of bwin.party (net of cash acquired)		**-**	(186.9)
Acquisition of property, plant and equipment		**(7.1)**	(4.4)
Proceeds from disposal of assets held for sale	8	**29.0**	6.6
Capitalised development costs and other intangibles	7	**(14.2)**	(12.6)
Decrease in short term investments		**0.5**	8.1
Net cash generated (used) in investing activities		**8.8**	(186.4)
Cash flows from financing activities			
Proceeds from interest bearing loans	9	**500.0**	380.0
Repayment of non-interest bearing loan (from William Hill)		**-**	(3.0)
Proceeds from issue of share capital, net of costs		**25.6**	192.0
Repayment of borrowings	9	**(636.5)**	(39.0)
Dividends paid	10	**(88.8)**	-
Net cash (used) generated from financing activities		**(199.7)**	530.0
Net (decrease) increase in cash and cash equivalents		**(155.4)**	308.3
Exchange differences		**-**	1.0
Cash and cash equivalents at beginning of the period		**367.0**	28.2
Cash and cash equivalents at end of the period		**211.6**	337.5

Cash and cash equivalents

The balance at 30 June 2016 of €337.5 million consists of €302.9 million cash and cash equivalents as shown on the face of the condensed consolidated statement of financial position and €34.6 million of cash and cash equivalents recognised within assets held for sale.

The notes on pages 19 to 30 form part of these financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2017

1. BASIS OF PREPARATION

1.1 General information and accounting policies

GVC Holdings PLC is a company registered in the Isle of Man and was incorporated on 5 January 2010. It is the successor company of Gaming VC Holdings S.A., a company which had been incorporated in Luxembourg, and took the assets of Gaming VC Holdings S.A. on 21 May 2010 after formal approval by shareholders. The condensed consolidated financial statements of the Group for the six months ended 30 June 2017 comprise the Company and its subsidiaries (together referred to as the 'Group'). The condensed consolidated financial statements are unaudited but have been reviewed by the auditor, whose report is set out in this document.

The condensed consolidated financial statements have been prepared under IAS 34 'Interim Financial Reporting' and those parts of the Isle of Man Companies Act 2006 applicable to companies reporting under International Financial Reporting Standards (IFRS). They do not constitute full accounts within the meaning of the Isle of Man Companies Act 2006, and should be read in conjunction with the financial statements for the year ended 31 December 2016, which have been prepared in accordance with IFRS as adopted by the EU. Those financial statements have been reported on by the Group's auditor and are included in the Group's Annual Report 2016, available in the Investor Relations section of the Group website at www.gvc-plc.com. The auditor's report on those financial statements was unqualified.

The condensed consolidated financial statements are prepared on the basis of the accounting policies stated in the Group's Annual Report 2016 and were approved by the Board of Directors on 13 September 2017. The condensed consolidated financial statements are presented in the Euro, rounded to the nearest €0.1 million, and are prepared on the historical cost basis with the exception of those assets and liabilities carried at fair value.

1.2 Going Concern

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

1.3 Seasonality

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

1.4 Standards in issue, not yet effective

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

1.4.1 IFRS 9 'Financial Instruments' (2014)

The International Accounting Standards Board (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 together with new guidance on the application of hedge accounting. The new standard is required to be applied for annual reporting periods beginning on or after 1 January 2018. The Group's management are currently reviewing the various classifications of financial instruments used by the Group but do not believe that any material changes to the Group's results in future periods will arise as a result of any changes of classification. The Group's treasury officials will consider the implications of this new standard when reviewing the hedging instruments it will utilise going forward.

1.4.2 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 do not consider that there will be any material impact on the Group's policy of recognising revenue but will review the impact of the standard on the Group's 2017 results during this financial year.

1.4.3 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 consider that the adoption of this standard will likely result in an increase in the non-current assets (representing 'right-of-use' assets) and a corresponding increase in liabilities, both current and non-current on the Statement of Financial Position of the Group and will fully review the impact in the 2018 financial year.

2. SEGMENTAL REPORTING

Management review the business across five operating segments, being Sports brands, Games brands, B2B, Non-core and Corporate. These operating segments are monitored and strategic decisions are made on the basis of overall operating results. Management also monitors revenue by geographic location of its customers.

2.1 Geographical Analysis

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

	Period ended 30 June 2017 €m	Period ended 30 June 2016 €m
Germany	**110.9**	87.9
Turkey	**47.6**	50.0
UK	**48.9**	32.0
Other	**265.4**	212.2
Total	**472.8**	382.1

Revenues from external customers have been identified on the basis of the customer's geographical location.

2.2 Reporting by Segment

Period ended 30 June 2017:

	Sports brands €m	*Games brands €m*	*B2B €m*	Total core €m	Non-core €m	Corporate €m	**Total €m**
NGR	355.1	112.4	7.6	475.1	11.1	-	**486.2**
EU VAT	(9.8)	(3.6)	-	(13.4)	-	-	**(13.4)**
Revenue	345.3	108.8	7.6	461.7	11.1	-	**472.8**
Variable costs	(151.1)	(69.6)	0.1	(220.6)	(11.4)	-	**(232.0)**
Contribution	194.2	39.2	7.7	241.1	(0.3)	-	**240.8**
Contribution margin	*55%*	*35%*	*101%*	*51%*	*(3%)*	-	***50%***
Other operating costs:							
Personnel expenditure				(51.4)	(4.3)	(9.3)	**(65.0)**
Professional fees				(1.7)	(0.5)	(6.6)	**(8.8)**
Technology costs				(23.8)	(0.8)	(0.3)	**(24.9)**
Office, travel and other costs				(2.6)	(0.4)	(6.8)	**(9.8)**
Foreign exchange differences				(1.0)	(0.3)	2.9	**1.6**
Clean EBITDA				**160.6**	**(6.6)**	**(20.1)**	**133.9**

Period ended 30 June 2016:

	Sports brands €m	*Games brands €m*	*B2B €m*	Total core €m	Non-core €m	Corporate €m	Total €m
NGR	287.5	88.4	5.6	381.5	9.1	-	390.6
EU VAT	(7.1)	(1.4)	-	(8.5)	-	-	(8.5)
Revenue	280.4	87.0	5.6	373.0	9.1	-	382.1
Variable costs	(122.8)	(48.8)	(0.1)	(171.7)	(9.5)	-	(181.2)
Contribution	157.6	38.2	5.5	201.3	(0.4)	-	200.9
Contribution margin	*55%*	*43%*	*98%*	*53%*	*(4%)*	-	*51%*
Other operating costs:							
Personnel expenditure				(47.7)	(5.0)	(9.0)	(61.7)
Professional fees				(2.4)	(0.4)	(5.5)	(8.3)
Technology costs				(31.6)	(0.8)	(0.1)	(32.5)
Office, travel and other costs				(3.1)	(0.9)	(6.7)	(10.7)
Foreign exchange differences				0.6	-	2.9	3.5
Clean EBITDA				117.1	(7.5)	(18.4)	91.2

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2017

3. OPERATING COSTS

	Notes	**Period ended 30 June 2017 €m**	Period ended 30 June 2016 €m
Wages and salaries, including Directors		**54.8**	48.8
Staff costs capitalised in respect of intangible asset additions		**(9.8)**	(6.7)
Outsourced consultants		**10.8**	10.5
Compulsory social security contributions		**5.2**	6.1
Pension contributions		**0.5**	0.4
Health and other benefits		**2.5**	1.9
Recruitment and training		**1.0**	0.7
Personnel expenditure (excluding share based payment charges)		**65.0**	61.7
Professional fees		**8.8**	8.3
Technology costs		**24.9**	32.5
Office, travel and other costs		**9.8**	10.7
Foreign exchange differences on operating activity		**(1.6)**	(3.5)
Administrative costs		**106.9**	109.7
Equity settled share based payments charges	11	**10.0**	5.9
Cash settled share based payments charges	11	**0.5**	0.6
Exceptional items	3.1	**15.7**	89.3
Impairment of available for sale asset		**-**	4.8
Impairment of assets held for sale		**1.6**	-
Movement in the fair value of derivative financial instruments	9	**22.5**	(14.1)
Depreciation		**8.7**	10.4
Amortisation	7	**65.4**	55.1
Total operating costs		**231.3**	261.7

3.1 Exceptional Items

The Group incurred expenditure on exceptional items of €15.7 million (period ended 30 June 2016: €89.3million). These are items which are exceptional in size or nature.

	Period ended 30 June 2017 €m	Period ended 30 June 2016 €m
Professional fees	**2.3**	13.4
Currency option, including fair value adjustment	**-**	10.8
Bonuses and share options	**-**	21.9
M&A costs	**2.3**	46.1
Premium listing application costs	**-**	4.4
Reorganisation costs	**11.1**	5.1
Accelerated depreciation	**-**	12.5
Progressive jackpots	**-**	7.6
Foreign exchange on deposit	**0.3**	13.6
Legal settlements	**0.8**	-
Other	**1.2**	-
Total exceptional items	**15.7**	89.3

Reorganisation costs reflect costs following the acquisition of bwin.party as Management restructures the combined business.

4. FINANCIAL EXPENSE

	Period ended 30 June 2017 €m	Period ended 30 June 2016 €m
Interest on Cerberus loan*	**4.2**	21.1
Interest on Nomura bridging loan*	**0.4**	-
Interest on Term Loan*	**2.7**	-
Amortisation of loan fees	**9.2**	10.2
Amortisation of the early repayment option	**-**	(1.9)
Other interest	**0.2**	-
	16.7	29.4

**Interest on the various financing loans represents the effective interest on the loan which includes interest at the contracted rates and charges for exit and similar fees obliged to be accounted for.*

5. TAXATION

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

The effective rate in respect of ordinary activities after exceptional items is 13.6% (six months ended 30 June 2016: 2.2%). The effective tax rate for the period is different from that which would result from applying the standard rate of UK Corporation Tax of 19.0% (2016: 20.0%) due to the geographic spread of the income earned by the Group and other tax adjustments.

5.1 Deferred Taxation Amounts Recognised in the Statement of Financial Position

	Total €m
Balance at 1 January 2016	**-**
Acquired in business combination	(79.6)
Deferred tax credit	11.8
Transfer to liabilities held for sale	3.8
Foreign exchange and other movements	(1.6)
Balance at 31 December 2016	(65.6)
Deferred tax credit	7.3
Foreign exchange and other movements	0.3
Balance at 30 June 2017	(58.0)

The deferred tax balance of €58.0m includes deferred taxation liabilities of €59.2m and deferred taxation assets of €1.2m.

6. EARNINGS PER SHARE

6.1 Basic Earnings Per Share and Adjusted Earnings Per Share

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

	Period ended 30 June 2017	Period ended 30 June 2016
Loss for the period attributable to ordinary shareholders (€m)	**(7.3)**	(84.0)
Weighted average number of shares (m)	**296.1**	251.3
Basic loss per share (€)	**(0.02)**	(0.33)
Loss before tax	**(6.6)**	(86.1)
Exceptional items	**15.7**	89.3
Change in value of available for sale asset	**-**	4.8
Change in fair value of derivative financial instruments	**22.5**	(14.1)
Impairment of assets held for sale	**1.6**	-
Dividend income	**-**	(3.1)
Acquired intangible amortisation	**59.5**	52.2
- Effect of tax thereon	**-**	-
Debt fee amortisation	**9.2**	10.2
Early repayment amortisation	**-**	(1.9)
Corporation and similar taxation	**(7.8)**	(1.2)
Adjusted profit for the period (€m)	**94.1**	50.1
Adjusted earnings per share (€)	**0.32**	0.20

6.2 Diluted Earnings Per Share and Adjusted Diluted Earnings Per Share

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

	Period ended 30 June 2017	Period ended 30 June 2016
Loss for the period attributable to ordinary shareholders (€m)	**(7.3)**	(84.0)
Weighted average number of shares (m)	**296.1**	251.3
Effect of dilutive share options (m)	**6.2**	-
Weighted average number of dilutive shares (m)	**302.3**	251.3
Diluted loss per share (€)	**(0.02)**	(0.33)
Adjusted profit for the period (see note 6.1) (€m)	**94.1**	50.1
Adjusted diluted earnings per share (€)	**0.31**	0.20

Share options that could potentially dilute basic earnings per share but were not included in diluted earnings per share because they are antidilutive for the period ended 30 June 2017 amounted to nil effective shares (2016: 1.3 million effective shares).

7. INTANGIBLES

	Software Licences €m	Goodwill €m	Trade-marks & Trade Name €m	Consulting & Magazine €m	Non-contractual Customer Relationships €m	Total €m
Cost						
At 1 January 2016	32.5	166.2	17.0	4.9	2.4	223.0
Additions	19.0	-	-	-	-	19.0
Acquisition of subsidiaries	224.0	963.9	176.0	-	208.0	1,571.9
Reclassified as held for sale	(2.0)	(6.5)	-	-	(12.0)	(20.5)
Foreign exchange	(0.2)	-	-	-	-	(0.2)
At 31 December 2016	273.3	1,123.6	193.0	4.9	198.4	1,793.2
Additions	13.8	-	-	-	-	13.8
Foreign exchange	(0.1)	-	-	-	(0.3)	(0.4)
At 30 June 2017	**287.0**	**1,123.6**	**193.0**	**4.9**	**198.1**	**1,806.6**
Amortisation and Impairment						
At 1 January 2016	25.8	33.3	1.5	4.9	2.4	67.9
Amortisation	62.1	-	13.6	-	40.8	116.5
Reclassified as held for sale	(0.1)	-	-	-	(0.5)	(0.6)
At 31 December 2016	87.8	33.3	15.1	4.9	42.7	183.8
Amortisation	35.9	-	7.4	-	22.1	65.4
At 30 June 2017	**123.7**	**33.3**	**22.5**	**4.9**	**64.8**	**249.2**
Net Book Value						
At 31 December 2016	185.5	1,090.3	177.9	-	155.7	1,609.4
At 30 June 2017	**163.3**	**1,090.3**	**170.5**	**-**	**133.3**	**1,557.4**

Certain intangible assets are deemed to have an indefinite useful life as there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. The carrying amounts of such assets at 30 June 2017 were as follows:

	30 June 2017 €m	31 December 2016 €m
Trademarks & Trade Names	**15.1**	15.1

Impairment Tests for Cash-Generating Units Containing Goodwill and Trademarks

An assessment of the Group's goodwill was carried out for the period ended 30 June 2017 to identify whether there were any indicators of impairment. The goodwill relates to Betboo, CasinoClub, Sportingbet, bwin.party Sports brands and bwin.party Games brands which had all been assessed for impairment at 31 December 2016. No indicators of impairment were found.

The following units have significant carrying amounts of goodwill:

	30 June 2017 €m	31 December 2016 €m
Betboo	**8.3**	8.3
CasinoClub	**40.4**	40.4
Sportingbet	**84.2**	84.2
bwin.party Sports brands	**849.1**	849.1
bwin.party Games brands	**108.3**	108.3
Total Goodwill	**1,090.3**	1,090.3

8. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

The Group had classified and transferred its Kalixa business, a fully integrated digital payments company, as held for sale as at 31 March 2016 after its acquisition as part of the bwin.party group. The Group completed the sale of the majority of the Kalixa business during the period, completing this disposal on 31 May 2017. It realised initial consideration of €29.0m in the period together with deferred consideration of €2.6m which will be receivable in the second half of the year after paying down certain balances owing between the business groups. As a result of fees and other trading movements, an impairment charge of €1.1m was recorded prior to the disposal of the business.

The remaining Kalixa business was disposed of after the period end on 1 August 2017, realising consideration of €0.9m. An impairment charge of €0.5m was recorded during the period to reflect the net realisable value.

During the prior year the Group disposed of its joint venture investment in Conspo, a provider of sports content, which had also previously been classified as held for sale.

No further assets are considered as held for sale.

The movements in assets and liabilities held for sale are shown in the table below:

	Assets held-for-sale €m	Liabilities held-for-sale €m	Total €m
As at 31 December 2015	-	-	-
Acquired in business combination	12.3	-	12.3
Reclassified as held-for-sale	55.7	(22.9)	32.8
Trading, working capital and revaluation movements	4.0	0.2	4.2
Disposal of Visa shares	(8.4)	-	(8.4)
Disposal of Conspo	(3.9)	-	(3.9)
As at 31 December 2016	59.7	(22.7)	37.0
Trading, working capital and revaluation movements	(3.3)	(3.5)	(6.8)
Disposal of Kalixa	(52.8)	25.1	(27.7)
Impairment	(1.6)	-	(1.6)
As at 30 June 2017	**2.0**	**(1.1)**	**0.9**

9. LOANS AND BORROWINGS

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 acquisition of bwin.party. The Cerberus loan was repaid in January 2017 and an alternate bridge financing facility of €250m provided by Nomura International plc was drawn down. All associated fees were charged to the income statement at this time including the remaining value of the early repayment option on the Cerberus loan of €22.5m.

This bridging loan was then replaced with a long term institutional loan in March 2017 comprising of a €320m Senior Secured Term and Revolving Facility, composed of a €250m term loan (maturity 6 years) and a €70m revolving credit facility (maturity 5 years). The €70m credit facility was not drawn down during the period.

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.

	Principal €m	Interest and fees €m	Early Repayment option €m	Total €m
Loan balance at 1 January 2016	20.0	(0.2)	-	19.8
Loan drawdown	380.0	-	-	380.0
Arising on business combinations	39.4	-	-	39.4
Revaluation of loan balances	(0.4)	-	-	(0.4)
Loan repayment	(52.5)	-	-	(52.5)
Arrangement fees and loan services fees paid in the prior year	-	(7.6)	-	(7.6)
Arrangement fees and loan services fees paid in the current year	-	(7.9)	-	(7.9)
Fair value of embedded derivatives	-	-	7.4	7.4
Interest charged	-	46.0	-	46.0
Interest instalments paid	-	(39.7)	-	(39.7)
Amortisation of loan fees	-	23.3	-	23.3
Unwinding of early repayment option	-	-	(4.3)	(4.3)
Loan balance at 31 December 2016	386.5	13.9	3.1	403.5
Loan drawdown	500.0	-	-	500.0
Arrangement fees and loan services fees paid	-	(15.5)	-	(15.5)
Loan repayment	(636.5)	-	-	(636.5)
Interest charged	-	7.3	-	7.3
Interest instalments paid	-	(16.5)	-	(16.5)
Amortisation of loan fees	-	9.2	-	9.2
Unwinding of early repayment option	-	-	(3.1)	(3.1)
Loan balance at 30 June 2017	**250.0**	**(1.6)**	**-**	**248.4**

Split between the following as at 31 December 2016:	
Current liabilities	403.5
Non-current liabilities	-
Split between the following as at 30 June 2017:	
Current liabilities	**1.8**
Non-current liabilities	**246.6**

The interest and fees balance of €1.6m includes loan fees outstanding of €4.7m netted against accrued loan interest of €3.1m.

10. DIVIDENDS

	Period ended 30 June 2017 €m	Period ended 30 June 2016 €m
First special dividend paid	**42.8**	-
Second special dividend paid	**46.0**	-
	88.8	-

During the period, two special dividend payments were made. These consisted of a first special dividend paid on 14 February 2017 of 14.9 €c per share and a second special dividend paid on 12 May 2017 of 15.1 €c per share equating to total dividends paid in the period of €88.8m (2016: nil).

The Board of Directors has declared an interim dividend of 16.5 €c per share, payable on 19 October 2017.

11. SHARE OPTION SCHEMES

At 30 June 2017, the Group had the following share options schemes for which options remained outstanding:

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 and as at 30 June 2017, 75,000 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 to 329.

iii. Options were granted under a Management Incentive Plan under the same terms of the 2015 LTIP.

Under the terms of the share option plan, the Group can allocate up to 10% of the issued share capital, although it must take allowance of the shares issued or issuable post the acquisition of bwin.party, as a consequence of rights to subscribe for shares under the 2015 LTIP or any other employees' share scheme. The following options to purchase €0.01 ordinary shares in the Company were granted, exercised, forfeited or existing at the period end:

Date of Grant	Exercise Price	Existing at 1 January 2017	Granted in the period	Forfeited in the period	Exercised in the period	Existing at 30 June 2017	Exercisable at 30 June 2017	Vesting criteria
02 Jun 2014	1p	75,000	-	-	(75,000)	-	-	Note a
02 Feb 2016	422p	10,264,420	-	(2,932,691)	(2,443,909)	4,887,820	-	Note b
02 Feb 2016	467p	3,421,473	-	-	(977,564)	2,443,909	-	Note c
02 Feb 2016	422p	200,000	-	-	-	200,000	57,144	Note d
16 Dec 2016	422p	8,658,334	-	-	(1,661,112)	6,997,222	299,999	Note e
30 Mar 2017	422p	-	750,000	-	-	750,000	333,333	Note f
30 Mar 2017	1p	-	699,835	-	(658,513)	41,322	41,322	Note g
Total all schemes		**22,619,227**	**1,449,835**	**(2,932,691)**	**(5,816,098)**	**15,320,273**	**731,798**	

The existing share options at 30 June 2017 are held by the following employees and consultants:

Option price	**1p**	**422p**	**467p**	**422p**	**422p**	**1p**	
Grant date	**02-Jun-14**	**02-Feb-16**	**02-Feb-16**	**19-Dec-16**	**30-Mar-17**	**30-Mar-17**	**Total**
Kenneth Alexander	-	4,887,820	-	-	-	-	4,887,820
Lee Feldman (c)	-	-	2,443,909	-	-	-	2,443,909
Norbert Teufelberger (d)	-	200,000	-	-	-	-	200,000
Paul Miles (f)	-	-	-	-	350,000	-	350,000
Employees	-	-	-	5,624,446	400,000	41,322	6,065,768
Consultants	-	-	-	1,372,776	-	-	1,372,776
	-	**5,087,820**	**2,443,909**	**6,997,222**	**750,000**	**41,322**	**15,320,273**

Note a: These equity-settled options were granted to certain Directors and employees. The awards vested in full (and became 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.

Note b: These equity-settled awards were issued on completion of the acquisition of bwin.party. The options vest and became 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 the 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 c: These equity-settled awards were issued on the same basis as the awards in note b 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 £2.0m 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 d: 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

11. SHARE OPTION SCHEMES (continued)

Note e: These equity-settled awards were issued on the same basis as the awards in Note b and granted on 16 December 2016.

Note f: These equity-settled awards were issued on the same basis as the awards in Note b and granted on 30 March 2017.

Note g: These cash-settled awards were issued in accordance with the Group's annual share bonus plan 2016 and granted on 30 March 2017.

The charge to share-based payments within the consolidated income statement in respect of these options in 2017 was €10.5m (2016: €6.5m plus a charge of €12.8m within exceptional items). Of the share-based payment charge, €10.0m related to equity settled options (2016: €5.9m) and €0.5m to cash settled options (2016: €0.6m).

11.1 Weighted Average Exercise Price of Options

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

	Weighted average exercise price 30 June 2017	**Number of options 30 June 2017**	Weighted average exercise price 31 December 2016	Number of options 31 December 2016
Outstanding at the beginning of the period	416p	22,619,227	11p	3,481,946
Granted during the period	219p	1,449,835	422p	26,621,149
Exercised during the period	376p	(5,816,098)	126p	(6,360,255)
Forfeited in the period	422p	(2,932,691)	422p	(1,123,613)
Outstanding at the end of the period		15,320,273	416p	22,619,227
Exercisable at the end of the period		731,798		1,869,445

The options outstanding at 30 June 2017 have a weighted average contractual life of 8.6 years (31 December 2016: 9.1 years).

11.2 Valuation of Options

The fair value of services received in return for share options granted were measured by reference to the fair value of share options granted. 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 Carlo model at 31 December 2015.

The 2016 and 2017 schemes were valued using a correlated simulation comparing the Group and the peer Group of the FTSE250 at the grant date on a risk neutral basis. For simulations that meet the vesting conditions the share price at the vesting date is discounted back to the present.

In 2016 the Group operated an annual share bonus plan for certain employees. On 30 March 2017 these awards were granted with an exercise price of 1p. The number of options granted was calculated by the annual share bonus amount over the share price at grant date.

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 Feb 16 – equity settled 30 months	4.67	4.22	22%-30%	n/a	n/a	n/a	0.32-0.47
02 Feb 16 – equity settled 30 months	4.67	4.67	22%-30%	n/a	n/a	n/a	0.22-0.28
02 Feb 16 – equity settled 24 months	4.67	4.22	n/a	n/a	n/a	n/a	0.32-0.47
16 Dec 16 – equity settled 30 months	6.48	4.22	30%-28%	n/a	n/a	n/a	1.43-1.94
30 Mar 17 – equity settled 18 months	7.28	4.22	30%-28%	n/a	n/a	n/a	1.88-2.39

** 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 2016 LTIP and MIP schemes, the expected volatilities have been calculated using historical prices for companies that were constituents of the FTSE 250 at the grant date. The LTIP scheme 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.

12. RELATED PARTIES

12.1 Identity of Related Parties

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

12.2 Transactions with Directors and Key Management Personnel

Kenneth Alexander received dividends during the period of €0.5m (2016: €nil). The wife of Kenneth Alexander received dividends during the period of €0.1m (2016: €nil) in respect of her interest in the ordinary share capital of the Group.

Karl Diacono is the Chief Executive Officer of Fenlex Corporate Services Limited, a corporate service provider incorporated in Malta. During the period ended 30 June 2017 Fenlex received €0.05m from the Group in relation to Company Secretarial and other matters arising in Malta (2016: €0.07m).

Lee Feldman received dividends during the period of €0.2m (2016: €nil) in respect of his beneficial interest in the ordinary share capital of the Group. Lee Feldman is the Managing Partner of Twin Lakes Capital, a private equity firm based in New York. During the period ended 30 June 2017, Twin Lakes Capital received €0.03m (2016: €0.03m) in relation to office services.

Norbert Teufelberger received dividends of €0.8m during the period (2016: €nil),

Peter Isola is a partner at Isolas, a law firm in Gibraltar, which charged legal expenses of €0.04m in the period (2016: €0.2m).

The Group purchased certain customer services of €1.0m (2016: €1.1m) from an associate, with amounts owed at 30 June 2017 of €0.2m (31 December 2016: €0.2m).

13. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

13.1 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 2016: €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.

13.2 Indirect taxation

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

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