

Company Registration No. 03534726 (England and Wales)

SPORTINGBET LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2014

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COMPANIES HOUSE

Sportingbet Limited
Directors and advisors

Directors	Richard Cooper Kenneth Alexander
Registered office	3 rd Floor 45 Moorfields London EC2Y 9AE
Company number	03534726
Solicitors	Addleshaw Goddard LLP Milton Gate 60 Chiswell Street London, EC1Y 4AG
Statutory auditor	Grant Thornton UK LLP Chartered Accountants Statutory Auditor Grant Thornton House Melton Street Euston Square London NW1 2EP

Sportingbet Limited

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Sportingbet Limited
Directors' Report
For the year ended 31 December 2014

The Directors present their report and the audited financial statements for the year ended 31 December 2014 for Sportingbet Limited.

Directors

The Directors who held office during the year were:

K Alexander
R Cooper

Statement of Directors' responsibilities

The Directors are responsible for preparing the Report of the directors, the Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit and loss of the company for that year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

In so far as each of the Directors is aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

On behalf of the Board



Richard Cooper
Director
Company number: 03534726
Date: 6 August 2015

Sportingbet Limited
Strategic report
FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their Strategic Report for the year ended 31 December 2014.

Principal activity

The principal activity of the Company is the provision of administrative services to GVC Holdings PLC and its subsidiary undertakings.

Results and dividends

The Profit and loss account is set out on page 4 and shows the loss for the year. A dividend of £310,200,000 was paid during the year (2013: £7,338,000).

Trading review

The financial performance highlights for the year ended 31 December 2014 are as follows:

- Operating loss £34.3 million (2013 as restated: loss of £33 million).
- Loss before and after tax of £34.3 million (2013 as restated: profit of £264 million).
- Net assets at period end of £93.9 million (2013: £438 million).

Principal Risks and Uncertainties

The directors consider the risks detailed below as inherent to the Company:


Economic Risk

The risk of foreign exchange losses, increased interest rates and or inflation having an adverse impact on served markets.

Financial Risk

The company has budgetary and financial reporting procedures, supported by appropriate key performance indicators to manage credit, liquidity and other financial risk.

On behalf of the Board



Richard Cooper
Director
Company number: 03534726
Date: 6 August 2015

Independent auditors' report to the members of Sportingbet Limited

We have audited the financial statements of Sportingbet Limited for the year ended 31 December 2014 which comprise the Profit and loss account, Statement of total recognised gains and losses, Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 1, 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 Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

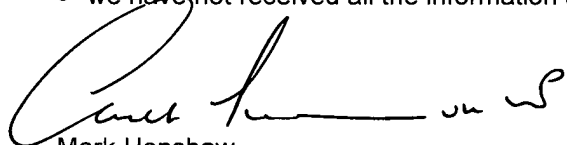
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the directors and the Strategic 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 Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Mark Henshaw
Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants, London
Date: 18 August 2015

Sportingbet Limited

Profit and loss account

For the year ended 31 December 2014

		Year ended 31 December 2014	17 month period ended 31 December 2013 As restated
	Notes	£000's	£000's
Administrative expenses		(34,329)	(33,065)
Operating loss	4	(34,329)	(33,065)
Operating profit / (loss) before exceptional items		8,623	(4,246)
Exceptional items	5	(42,952)	(28,819)
Operating loss		(34,329)	(33,065)
Profit on disposal of investments		-	270,011
Financial income	6	-	52,325
Financial expense	6	-	(25,293)
(Loss) / profit on ordinary activities before taxation		(34,329)	263,978
Tax on profit on ordinary activities	7	-	-
(Loss) / profit for the financial year / period	11	(34,329)	263,978

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no other recognised gains and losses for the period other than the profit and loss.

The notes on pages 7 to 13 form an integral part of these financial statements.

Sportingbet Limited
Statement Of Total Recognised Gains and Losses
For the year ended 31 December 2014

		Year ended 31 December 2014	17 month period ended 31 December 2013 As restated
	Notes	£000's	£000's
(Loss) / profit for the financial year / period	11	(34,329)	263,978
Loss on settlement of equity element of compound financial instrument		-	(11,709)
Exchange differences on retranslation of net assets to presentation currency		-	536
Total recognised gains and losses relating to the year / period		(34,329)	252,805

The notes on pages 7 to 13 form an integral part of these financial statements.

Sportingbet Limited
Balance Sheet at 31 December 2014
Company No. 03534726

		At 31 December 2014	At 31 December 2013
	Notes	£000's	£000's
Fixed Assets			
Investments	2	44,612	87,564
Current assets			
Debtors	8	86,210	378,020
Cash at bank and in hand		-	209
		<u>86,210</u>	<u>378,229</u>
Creditors: amounts falling due within one year	9	(36,961)	(27,403)
Net current assets		<u>49,249</u>	<u>350,826</u>
Net Assets		<u>93,861</u>	<u>438,390</u>
Capital and reserves			
Called up share capital	10	667	667
Share premium	11	59,641	59,641
Other reserves	11	62,309	62,309
Profit and loss account		(28,756)	315,773
Total shareholders' funds	11	<u>93,861</u>	<u>438,390</u>

The financial statements on pages 4 to 13 were approved by the Board of Directors on 6 August 2015 and were signed on their behalf by:



Richard Cooper

Director

The notes on pages 7 to 13 form an integral part of these financial statements.

Sportingbet Limited

Notes to the financial statements

For the year ended 31 December 2014

1. Accounting Policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom Generally Accepted Accounting Practice (UK GAAP) and the Companies Act 2006, under the historical cost convention and on the going concern basis.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of Section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The following accounting policies have been applied consistently throughout the year in relation to the Company's financial statements.

Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of the transaction, except, where the transaction is settled at a contracted rate, the contracted rate is used.

Cash flow statement

The Company is a wholly owned subsidiary of GVC Holdings PLC and is included in the consolidated financial statements of GVC Holdings PLC, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996), "Cash Flow Statements".

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Convertible bonds

The net proceeds received from the issue of convertible bonds are split between a liability element and an equity component at the date of issue. The fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible bonds and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Group, is included in equity and is not re-measured. The liability component is carried at amortised cost.

Issue costs are apportioned between the liability and equity components of the convertible bonds based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

Sportingbet Limited

Notes to the financial statements

For the year ended 31 December 2014

The finance cost on the liability component is calculated by applying the prevailing market interest rate, at the time of issue, for similar non-convertible debt to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the convertible bonds.

Going concern

The accounts are prepared on a going concern basis. The use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern.

2. Investments

Investments in subsidiaries are recognised at cost less any impairment.

	Investments
	£000's
Cost at 1 January 2014	87,564
Impairment charge	(42,952)
Cost at 31 December 2014	44,612

The following principal subsidiaries were wholly owned at 31 December 2014:

<u>Company</u>	<u>Country of Incorporation</u>	<u>% owned</u>	<u>Activity</u>
Interactive Sports (C.I.) Limited*	Alderney	100%	Online betting
Sporting Odds Limited	England	100%	Online betting
Sportingbet Holdings Limited*	England	100%	Holding company
Sportingbet (Management) Services Limited	England	100%	Administrative services
Sportingbet (IT) Services Limited	England	100%	Software development and IT related services
Sportingbet (Product) Services Limited	England	100%	Project management and web design services
MLB Limited	Ireland	100%	Contract call centre
Spread Your Wings Limited	Malta	100%	Online betting
Spread Your Wings Italy Limited	Malta	100%	Online betting
Spread Your Wings Germany Limited	Malta	100%	Online betting
SBT Software Operations (SA) (Pty) Limited	South Africa	100%	Online betting

*During the year the trade of Interactive Sports (C.I.) Limited, a subsidiary of Sportingbet Holdings Limited, was transferred to an associated company. Consequently the directors carried out an impairment review of the investment held in Sportingbet Holdings. An impairment charge of £42.9 million (2013: £nil) was charged in the year.

Sportingbet Limited
Notes to the financial statements
For the year ended 31 December 2014

3. Staff Costs

Staff costs (including Directors' emoluments) during the year amounted to:

	Year ended 31 December	17 month period ended 31 December
	2014	2013
	£000's	£000's
Wages and salaries	-	1,604
Social security costs	-	280
Pension costs	-	156
	<u>-</u>	<u>2,040</u>

The average monthly number of employees (including Directors) during the year was:

	2014	2013
Finance, Administration and Board	<u>2</u>	<u>5</u>

4. Operating loss

Operating loss is stated after charging:

	Year ended 31 December	17 month period ended 31 December
	2014	2013
	£000's	£000's
Directors' remuneration	-	3,849
Compensation to directors for loss of office	-	4,260

The audit fee in the current and prior year is borne by the parent entity. Directors are remunerated through other group entities.

5. Exceptional items

A breakdown of exceptional items is set out below:

	Year ended 31 December	17 month period ended 31 December
	2014	2013
	£000's	£000's
Costs arising on the acquisition and disposal of businesses	-	16,763
Redundancies and salaries arising on group reorganisation	-	7,892
Intercompany loan waiver	-	4,164
Impairment of investments	<u>42,952</u>	<u>-</u>
	<u>42,952</u>	<u>28,819</u>

Sportingbet Limited
Notes to the financial statements
For the year ended 31 December 2014

6. Finance income / (expense)

	Year ended 31 December	17 month period ended 31 December as restated
	2014	2013
	£000's	£000's
Dividends received from group undertakings	-	51,936
Other income and interest receivable	-	389
	-	52,325
Loan note interest	-	(5,544)
Other interest	-	(118)
Loss on disposal of convertible bonds	-	(19,631)
	-	27,032

7. Taxation

	Year ended 31 December	17 month period ended 31 December
	2014	2013
	£000's	£000's
Current taxation charge	-	-
	-	-

The tax charge for the year is different from that which would result from applying the standard rate of corporation tax 21.5 % (2013: 23.47%). A reconciliation is shown below:

	Year ended 31 December	17 month period ended 31 December
	2014	2013 as restated
	£000's	£000's
(Loss) / profit before tax	(34,329)	263,978
(Loss) profit on ordinary activities multiplied by standard rate of corporation tax of 21.5% (2013: 23.47%)	(7,381)	61,956
Non-deductible expenses	9,235	10,615
Non-taxable dividends	-	(12,189)
Substantial shareholding exemption on disposal of investments	-	(63,372)
Other non-taxable items	(2,008)	(91)
Losses arising in the year/period	154	3,081
Tax charge	-	-

*from 1 April 2014 the UK corporation tax rate changed from 23% to 21%

Sportingbet Limited
Notes to the financial statements
For the year ended 31 December 2014

8. Debtors

	31 December 2014	31 December 2013
	£000's	£000's
Other debtors	362	1,461
Prepayments and accrued income	20	64
Owed by group undertakings	85,828	376,495
	86,210	378,020

9. Creditors: amounts falling due within one year

	31 December 2014	31 December 2013
	£000's	£000's
Trade creditors	52	20
Owed to group undertakings	36,843	25,354
Accruals and deferred income	66	2,029
	36,961	27,403

10. Share capital

	31 December 2014	31 December 2013
	£000's	£000's
Authorised		
1,000m ordinary shares at 1p each	1,000	1,000
Allotted, called up and fully paid		
As at 1 January 2014 / 1 July 2013	667	667
Issues in respect of exercised options	-	-
As at 31 December	667	667

Sportingbet Limited

Notes to the financial statements

For the year ended 31 December 2014

11. Profit and loss account

	Share capital	Share Premium	Other Reserves	Equity portion of convertible bond	Profit and loss account	Total
	£000's	£000's	£000's	£000's	£000's	£000's
At 1 August 2012 as previously stated	667	59,641	62,252	12,200	57,302	192,062
Prior year adjustment (see note 14)	-	-	-	-	13,004	13,004
At 1 August 2012 as restated	667	59,641	62,252	12,200	70,306	205,066
Retained profit for the period as previously stated	-	-	-	-	276,982	276,982
Prior year adjustment (see note 14)	-	-	-	-	(13,004)	(13,004)
Retained profit for the period as restated	-	-	-	-	263,978	263,978
Settlement of the equity portion of convertible bonds	-	-	57	(12,200)	(11,709)	(23,852)
Dividends	-	-	-	-	(7,338)	(7,338)
FX reserve	-	-	-	-	536	536
At 31 December 2013	667	59,641	62,309	-	315,773	438,390
At 1 January 2014	667	59,641	62,309	-	315,773	438,390
Retained loss for the year	-	-	-	-	(34,329)	(34,329)
Dividends	-	-	-	-	(310,200)	(310,200)
At 31 December 2014	667	59,641	62,309	-	(28,756)	93,861

On 16 August 2014 the directors approved the payment of a dividend of £310m to GVC Holdings PLC, the parent company. However after an impairment charge of the investment held in Sportingbet Holdings Limited, as a result of an impairment indicator on 9 January 2014, there were insufficient reserves of £37.6 million. The directors intend to cover the shortfall by a capital reduction in 2015.

12. Related party transactions

Financial Reporting Standard (FRS) 8, "Related Party Disclosures", requires the disclosure of the details of material transactions between the reporting entity and related parties. The Company has taken advantage of exemptions under FRS 8 not to disclose transactions between group companies which are 100% owned.

Sportingbet Limited

Notes to the financial statements

For the year ended 31 December 2014

13. Ultimate parent undertaking

The immediate parent undertaking and ultimate controlling party is GVC Holdings PLC, a company incorporated in The Isle of Man. Copies of the financial statements of GVC Holdings PLC can be obtained from the Company Secretary at the Company's registered office at Milbourn House, St. Georges Street, Douglas, Isle of Man, IM1 1AJ or from the Investor Relations section of the Company's website at www.gvc-plc.com.

14. Prior year adjustments

A prior year adjustment has been recognised to reduce the amount of dividend received from Sportingbet Holdings Limited in 2013 by £80,884,335 with a corresponding amount in the profit on disposal of investments. In addition, a prior year adjustment has been recognised to account for a dividend in specie of £13,004,000 from Sportingbet Holdings Limited. The prior year adjustments arose as a result of misposting of the acquisition accounting entries relating to the acquisition of the Centrebet group of companies in the year ended 31 July 2012 in the books of Sportingbet Holdings Limited.