

COMPANY REGISTRATION NUMBER 07119697

SPORTECH HOLDCO 2 LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2012

Registered Office -
Walton House
55 Charnock Road
Liverpool
L9 7ET



SPORTECH HOLDCO 2 LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

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SPORTECH HOLDCO 2 LIMITED

THE DIRECTOR'S REPORT

YEAR ENDED 31 DECEMBER 2012

The director has pleasure in presenting his report and the audited financial statements of the Company for the year ended 31 December 2012

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is the holding company of Sportech Inc which is the holding company of the following subsidiaries of the Sportech plc group:

Company Name	Country of incorporation
Sportech Racing Ltd	British Virgin Islands
Sportech Racing Panama Inc	Panama
Sportech Racing LLC	USA
Sportech Venues Inc.	USA
Sportech Racing Canada Inc	Canada
eBet Online Inc	Canada
eBet Technologies Inc	USA

The Company received \$1,022,000 of interest on the intercompany loan it holds during the year. The Company expects to continue to receive interest on the loan and pay dividends to its parent company in the future.

KEY PERFORMANCE INDICATORS

The Group's operations are managed on a divisional basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of Sportech plc, which includes the Company, is discussed in the Business and Financial Review of the Group's Annual Report for the year ended 31 December 2012 which does not form part of this report.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to \$772,000 (2011: \$754,000 profit). The director has not recommended a dividend (2011: \$nil).

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Company's strategy are subject to a number of risks. The principal risks that the Company faces relate to the value of its investments which is at risk from the current economic recession and ongoing changes in gaming regulation.

DIRECTORS

The directors who served the Company during the year and up to the date of signing the financial statements were:

Mr I R Penrose
Mr S P Cunliffe

Mr I C Hogg was appointed as a director on 27 March 2013
Mr S P Cunliffe resigned as a director on 6 March 2013

The directors had no interest in the share capital of the Company. During the year no remuneration or benefits of any kind were received by any director directly from the Company.

SPORTECH HOLDCO 2 LIMITED

THE DIRECTOR'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2012

DIRECTORS' THIRD-PARTY INDEMNITY PROVISIONS

During the year and up to the date of approval of the financial statements, qualifying indemnity insurance was provided to the directors by the ultimate parent company. No claim was made under this provision.

FINANCIAL RISK MANAGEMENT

The Company's treasury arrangements for the provision of finance and management of liquidity are undertaken via the Sportech Group's centralised accounting unit. The Company's principal financial instruments comprise intercompany debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Company's future operations.

The main risk arising from the Company's operations is liquidity risk. The Board reviews and agrees policies for managing this risk. The Company does not trade in financial instruments.

POLICY ON THE PAYMENT OF CREDITORS

The Company does not follow any code or standard on payment practices, and there is no fixed policy for payment for goods and services. Payment is made promptly once authorisation of the invoice is obtained. Creditor payment days outstanding at 31 December 2012 were nil (2011: nil).

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

In so far as each director is aware:

- there is no relevant audit information of which the Company's auditors are unaware, and
- the directors have taken all 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.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

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

In preparing those financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently,
- make judgements 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

SPORTECH HOLDCO 2 LIMITED

THE DIRECTOR'S REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2012

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP have been re-appointed as auditor for the ensuing year in accordance with section 485 of the Companies Act 2006

Signed by



I C Hogg
Director

Approved by the director on 24 June 2013

SPORTECH HOLDCO 2 LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPORTECH HOLDCO 2 LIMITED

YEAR ENDED 31 DECEMBER 2012

We have audited the financial statements of Sportech Holdco 2 Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the 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).

RESPECTIVE RESPONSIBILITIES OF DIRECTOR AND AUDITORS

As explained more fully in the Statement of Director's Responsibilities set out on pages 2 to 3, the director is 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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read the Director's Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2012 and of its profit 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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

SPORTECH HOLDCO 2 LIMITED

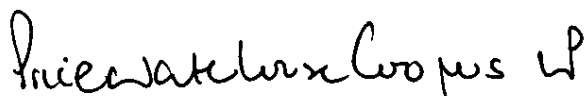
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPORTECH HOLDCO 2 LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2012

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Martin Heath (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

24 June 2013

SPORTECH HOLDCO 2 LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2012

	Note	2012 \$000	2011 \$000
Other interest receivable and similar income	3	1,022	1,022
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>1,022</u>	<u>1,022</u>
Tax on profit on ordinary activities	4	(250)	(268)
PROFIT FOR THE FINANCIAL YEAR	9	<u>772</u>	<u>754</u>

All of the activities of the Company are classed as continuing

The Company has no recognised gains or losses other than the results for the years as set out above

There is no difference between the profit on ordinary activities before taxation, and the profit for the years stated above, and their historical cost equivalents

The notes on pages 8 to 12 form part of these financial statements.

SPORTECH HOLDCO 2 LIMITED

BALANCE SHEET

31 DECEMBER 2012

	Note	2012 \$000	2011 \$000
FIXED ASSETS			
Investments	5	<u>12,430</u>	<u>12,430</u>
CURRENT ASSETS			
Debtors due within one year	6	1,702	930
Debtors due after one year	6	<u>32,700</u>	<u>23,600</u>
TOTAL ASSETS		<u>46,832</u>	<u>36,960</u>
CAPITAL AND RESERVES			
Called up share capital	7	–	–
Other reserves	8	45,130	36,030
Profit and loss account	9	<u>1,702</u>	<u>930</u>
TOTAL SHAREHOLDERS' FUNDS	10	<u>46,832</u>	<u>36,960</u>

These financial statements on pages 6 to 12 were approved and signed by the director and authorised for issue on 24 June 2013



Ian Hogg
Director

Company Registration Number: 07119697

The notes on pages 8 to 12 form part of these financial statements.

SPORTECH HOLDCO 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES

PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared on the going concern basis in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom. A summary of the more important group accounting policies, which have been applied consistently, is set out below.

INVESTMENT IN SUBSIDIARY UNDERTAKINGS

The investment in subsidiary undertaking is valued at cost of shares less amounts written off.

FOREIGN CURRENCIES

Transactions in foreign currencies are translated into US dollars at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into US dollars at the rate of exchange ruling at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currency are translated into US dollars at the rate prevailing on the date of the transaction and are not retranslated subsequently but remain fixed. The company's functional and presentational currency is US dollars.

EXEMPTION FROM PREPARING CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2012, the Company was a wholly-owned subsidiary company and was included within the audited consolidated financial statements of Sportech plc, a company incorporated in Great Britain, which have been prepared in accordance with International Financial Reporting Standards and filed with the Registrar of Companies. The Company is therefore exempt from the obligation to prepare consolidated financial statements in accordance with section 400 of the Companies Act 2006.

CASH FLOW STATEMENT

The Company is a wholly owned subsidiary of Sportech plc, a Company registered in the UK, and the cash flows of the Company are included in the publicly available consolidated cash flow statement of that Company. Consequently, the Company is exempt under the terms of FRS 1 "Cash Flow Statements (revised 1996)" from publishing a cash flow statement.

CURRENT AND DEFERRED TAXATION

Corporation tax payable is provided on taxable profits at the applicable weighted average rate during the year (24.50%). Deferred tax is provided in full on all timing differences, which result in either an obligation at the balance sheet date to pay more tax or a right to pay less tax. Deferred tax assets are only recognised to the extent that it is more likely than not they will crystallise. Assets and liabilities are calculated at rates expected to apply when they crystallise, and are not discounted.

RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS 8, 'Related Party Disclosures', on the grounds that it is a wholly owned subsidiary of a group headed by Sportech plc, whose financial statements are publicly available.

SPORTECH HOLDCO 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

2. PARTICULARS OF EMPLOYEES

The company has no employees

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2012 \$000	2011 \$000
Interest from group undertakings	<u>1,022</u>	<u>1,022</u>

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2012 \$000	2011 \$000
Current tax		
UK Corporation tax based on the results for the year at 24 50% (2011 - 26 50%)	<u>250</u>	<u>268</u>
Total current tax	<u>250</u>	<u>268</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is the same as (2011 the same as) the standard rate of corporation tax in the UK of 24 50% (2011 - 26.50%)

For UK taxation, as the Company's year end is after the substantive enactment date (3 July 2012) of the Finance Act 2012 and after the substantive enactment date of the March 2012 UK Budget Statement changes, these financial statements account for the change in UK corporation tax rate from 26% to 24% with effect from 1 April 2012 and the change in tax rate from 24% to 23% with effect from 1 April 2013 and therefore the rate at which deferred tax is calculated has changed. Deferred tax in the UK is provided at 23% or a blended rate of 23 25% depending on when the deferred tax is expected to unwind.

	2012 \$000	2011 \$000
Profit on ordinary activities before taxation	<u>1,022</u>	<u>1,022</u>
Profit on ordinary activities by rate of tax	<u>250</u>	<u>268</u>
Total current tax (note 4(a))	<u>250</u>	<u>268</u>

(c) Factors that may affect future tax charges

In addition to the changes in rates of corporation tax disclosed above a number of further changes to the UK corporation tax system were announced in the Autumn Statement 2012. These include a further reduction to the main rate of corporation tax to 21% from 1 April 2014. This change has not been substantively enacted at the balance sheet date and, therefore, is not included in these financial statements. The proposed reduction of the main rate of corporation tax to 21% from 1 April 2014 will be enacted separately.

SPORTECH HOLDCO 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

5. INVESTMENTS

	Total \$000
COST	
At 1 January 2012 and 31 December 2012	<u>12,430</u>
NET BOOK VALUE	
At 31 December 2012 and 31 December 2011	<u>12,430</u>

The Company is the immediate parent of Sportech Inc in which it holds 100% of the voting rights Sportech Inc. is an intermediate holding company and incurs management expenses for the US subsidiaries of the Sportech plc group. The following table shows details of the subsidiary investments of Sportech Inc, all in which it holds 100% of the voting rights.

Name of Company	Nature of Business
Sportech Racing Ltd	Pari-mutuel systems provision
Sportech Racing Panama Inc.	Pari-mutuel systems provision
Sportech Racing LLC	Pari-mutuel systems provision
Sportech Venues Inc.	Off-track betting provision
Sportech Racing Canada Inc	Pari-mutuel systems provision
eBet Online Inc	Holding company
eBet Technologies Inc	Online pari-mutuel systems provision

The directors believe that the carrying value of the investments is supported by the underlying net assets and future cashflows of each investee

6. DEBTORS

	2012 \$000	2011 \$000
Amounts owed by parent undertaking	1,702	930
Intercompany loan receivable	<u>32,700</u>	<u>23,600</u>
	<u>34,402</u>	<u>24,530</u>

The debtors above include the following amounts falling due after more than one year

	2012 \$000	2011 \$000
Intercompany Loan Receivable	<u>32,700</u>	<u>23,600</u>

The above loans are repayable in two tranches of \$23,600,000 and \$9,100,000 on 5 October 2020 and 14 December 2022 respectively The loans bear interest at 4.33% per annum and 2.40% respectively

SPORTECH HOLDCO 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

7. CALLED UP SHARE CAPITAL

Authorised share capital:

	2012	2011
	\$	\$
1 Ordinary shares of \$1 each	<u>1</u>	<u>1</u>

Allotted, called up and fully paid:

	2012	2011
	\$	\$
1 Ordinary shares of \$1 each	<u>1</u>	<u>1</u>

8. OTHER RESERVES

	2012	2011
	\$000	\$000
Capital Reserve:		
Balance brought forward	36,030	36,030
Capital contribution in the year	<u>9,100</u>	<u>—</u>
	<u>45,130</u>	<u>36,030</u>

The capital injection of \$9.1m received from the parent during the year was used to invest a further loan into Sportech Inc, a subsidiary company, to finance the acquisition of eBet Online Inc by Sportech Inc

9. PROFIT AND LOSS ACCOUNT

	2012	2011
	\$000	\$000
Balance brought forward	930	176
Profit for the financial year	<u>772</u>	<u>754</u>
Balance carried forward	<u>1,702</u>	<u>930</u>

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012	2011
	\$000	\$000
Profit for the financial year	772	754
Capital contribution in the year	<u>9,100</u>	<u>—</u>
Net addition to shareholders' funds	<u>9,872</u>	<u>754</u>
Opening shareholders' funds	36,960	36,206
Closing shareholders' funds	<u>46,832</u>	<u>36,960</u>

SPORTECH HOLDCO 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

11. ULTIMATE PARENT COMPANY

The ultimate parent undertaking and controlling party is Sportech plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. The directors regard Sportech plc as the ultimate controlling party. Copies of Sportech plc consolidated financial statements can be obtained from the Company's Secretary at Walton House, Charnock Road, Liverpool, L67 1AA.