Sportech PLC

3 March 2016

Sportech PLC ("Sportech" or the "Group")
Preliminary results for the twelve months ended 31 December 2015

Sportech, one of the world's leading pool betting operators and technology suppliers, focused on highly regulated markets worldwide, is pleased to announce its preliminary results for the twelve months ended 31 December 2015.

Group Highlights

- Results in line with expectations with EBITDA of £23.1m (2014: £24.0m)
- Balance sheet strengthened with net debt down by 10%
- Investment in technology delivering new international customers
- Expansion into providing lottery products for professional sports teams
- Football Pools division nearing completion of modernisation programme
- Expansion of venues strategy into California
- Disposal of online interests in New Jersey for a pre-tax gain of £8.1m
- £97m VAT refund appeal to be held in Court of Appeal on 7/8 April

Ian Penrose, Chief Executive of Sportech PLC, said:

"The Group has reached an important stage in its development, as our US business makes continued progress on many fronts, and our UK Football Pools business arrives at the inflection point of expected stability after years of modernisation. Overall, the Board is pleased with the strategic position that each of its divisions has secured, but recognises that each division will also require further investment, ahead of anticipated revenue and profit benefits, to better enable them to deliver their full potential.

We have invested substantial time into developing our activities and licensing position in the US. During the year, we sold our iGaming interest in New Jersey, realising a threefold return on our investment after only three months of operation.

We continue to evaluate opportunities to deliver the full potential of our divisions whilst ensuring we maintain prudent financial ratios. In this regard, over the past twelve months we have considered approaches for the Group as well as for The Football Pools. Despite this, we have remained focused on our operations and we will continue to investigate any proposals that recognise the value of the inherent potential of these businesses. We look forward to moving into a year of growth in 2016."

Financial and operational highlights

	Reported 2015 FY £m	Reported 2014 FY £m	Change %
Revenue	100.2	104.1	-4%
EBITDA[1]	23.1	24.0	-4%
Adjusted profit before tax	11.8	14.4	-18%
Adjusted[2] earnings per share (basic)	4.4p	5.5p	-20%
Statutory profit/(loss) before tax	9.7	(20.0)	149%
Net debt	(57.7)	(63.8)	10%

- EBITDA at £23.1m (2014: £24.0m), in line with expectations.
- The Group's balance sheet strengthened with net debt reducing by 10% (£6.1m) to £57.7m.
- Statutory profit before tax increased to £9.7m (2014: loss of £20.0m, primarily due to non-cash impairment of the Football Pools goodwill).
- On a constant currency basis, revenue declined by 6% and EBITDA declined by 5%. 2014 revenue and EBITDA were £106.4m and £24.3m respectively at constant currency.

Sportech Racing and Digital

- EBITDA growth of £0.5m to £8.6m (2014: £8.1m).
- Continued investment in technology attracting new international customers and successful installation of new hardware and software for Betfred (Totepool).
- Opening of office in Asia delivering benefits with new contracts.

Sportech Venues

- EBITDA of £2.8m (2014: £3.2m), affected by the previously highlighted severe winter weather in Connecticut and year-long closure for refurbishment of a key Jai-Alai venue.
- Officially opened on 28 January 2016 the only sports bar, restaurant and betting venue in San Diego.
- Discussions continue regarding expanded gaming (slots) in Connecticut.

Football Pools

- EBITDA of £15.2m (2014: £16.6m) in line with expectations.
- Ongoing improvements in technology platforms and processes.
- The division is now set for stability and growth.

(1) EBITDA is stated before exceptional costs, impairment of assets and share option expense.
(2) Adjusted profit figures are stated before amortisation of acquired intangibles, impairment of assets, exceptional items, share of loss after tax and impairment of joint ventures and associates, and other finance income.

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Forward-looking statements

Certain statements in this Preliminary Statement are forward-looking. Although the Group believes that the expectations reflected in this forward-looking statement are reasonable, it can give no assurance that these expectations will prove to be correct. As these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements.

Sportech PLC ("Sportech" or the "Group")
Preliminary results for the twelve months ended 31 December 2015

Group Overview

Sportech is one of the world's leading pool betting operators and technology suppliers, focused on highly regulated markets worldwide.

The Group comprises three divisions: Racing and Digital, Venues and The Football Pools. Both the Racing and Digital (which processes $13 billion bets annually) and Venues (which operates legal betting exclusively and in perpetuity in Connecticut in venues, online and mobile on horseracing and greyhounds) divisions are based in the US and Canada where we employ 630 people across field operations and four corporate offices. We are licensed by gaming regulators in 28 US States. The Football Pools is based in the UK, and is the oldest football gaming business in the world.

Group Financial Overview

	Revenue		EBITDA	
£m	**2015 FY**	2014 FY	**2015 FY**	2014 FY
Sportech Racing and Digital	**34.6**	35.2	**8.6**	8.2
Sportech Venues	**32.7**	34.2	**2.8**	3.4
Football Pools	**33.8**	38.0	**15.2**	16.6
FX effect	**—**	(2.3)	**—**	(0.3)
Trading divisions	**101.1**	105.1	**26.6**	27.9
Inter-segment elimination and corporate costs	**(0.9)**	(1.0)	**(3.5)**	(3.9)
Total Group	**100.2**	104.1	**23.1**	24.0

Group revenue was £100.2m (2014: £104.1m and £106.4m at constant currency) with the £3.9m reduction due primarily to the expected fall in revenues from the Football Pools collector channel. EBITDA reduced by 4% to £23.1m (2014: £24.0m and £24.3m at constant currency). Adjusted profit before tax was £11.8m (2014: £14.4m), the EBITDA shortfall and increased depreciation and interest costs being offset by a lower share based payment charge. Profit before tax was £9.7m (2014: loss £20.0m) with basic earnings per share of 3.3p (2014: loss of 10.4p) and adjusted earnings per share of 4.4p (2014: 5.5p). The Group's balance sheet has been strengthened, with net debt reducing by 10% (£6.1m) to £57.7m.

Sportech Racing and Digital

(i) Sportech Racing and Digital: Business Review

Sportech entered the market in the US five years ago, and has substantially developed its technology, gaming products and licensing position over that time.

In 2015, we have seen the benefits of our significant investment in improving our systems with the deployment of new hardware and software to Betfred's Totepool business in the UK, (our largest, single customer contract to date). Furthermore, we have secured several other new customer contracts in the US, and two new contracts in Asia (Malaysia and Vietnam), following the opening of our office in Singapore. However, we lost our contract with racing in California to an industry competitor with extensive interests in racehorse, racetrack, media and online betting in the State.

Bump 50:50 provides in-stadia electronic lotteries to professional sports teams. Since acquiring the business in late 2014, we have grown the seven contracts the business had at that time to 21, with new customers including teams from the NHL, NBA, NFL, Nascar, MLS and the Canadian F1 Grand Prix. 2016 has already seen the launch of the first 50/50 lottery in the State of Texas and the launch of the first ever online raffles, providing fans of the Colorado Avalanche, Denver Nuggets, Colorado Mammoth and Colorado Rapids, the chance to play on PC, tablet and mobile, as well as in-stadia. Under Sportech's ownership, Bump 50:50 is forecast to make profits for the first time in 2016. The acquisition ensures the name and responsible betting reputation of Sportech is known in the North American professional sports market ahead of any regulation to enable sports betting.

We were pleased to demonstrate the value of our licensed position when we sold our iGaming interests in New Jersey only three months into its operation. The sale generated a net profit on disposal before tax of £8.1m and consideration of £10.9m, including 2.2m shares in the Canadian-listed NYX Gaming Group ("NYX") and £1.1m in contingent consideration (which, due to the expected introduction of iGaming in North America later this decade, we expect to receive). The Group continues to hold a 4% stake in NYX (whose shares traded at CAD $2.72 each at 31 December) as a result of this transaction.

The Group's existing Indian joint venture with Playwin, India's largest lottery provider, has agreed to supply technology and services to an Indian company which has been engaged by a Sikkim licence holder to support the operation of pool games. These operations commenced in February 2016.

To further develop our US positioning, in September we entered the daily fantasy sports market through the acquisition (for zero cash consideration and for effecting a number of customer introductions) of a 39.2% stake in DraftDay Gaming Group, whose largest shareholder is the NASDAQ listed DraftDay Fantasy Sports Inc.

(ii) *Sportech Racing and Digital: Financial Review*

	Revenue		**EBITDA**	
£m	**2015 FY**	2014 FY	**2015 FY**	2014 FY
Tote services and equipment sales	**32.1**	31.2	**8.0**	7.0
Digital	**2.5**	4.0	**0.6**	1.2
FX effect	**—**	(0.7)	**—**	(0.1)
Total	**34.6**	34.5	**8.6**	8.1

For the Racing and Digital division, overall revenues have increased to £34.6m (2014: £34.5m) with a foreign exchange benefit of £0.7m, and EBITDA for the division has increased by £0.5m to £8.6m (2014: £8.1m) with a foreign exchange benefit of £0.1m. Within tote services and equipment sales, on a constant currency basis, revenues are £0.9m ahead of prior year. Overall revenues from the US and Dominican Republic were in line with prior year with growth from Bump. Total equipment sales revenues in the period were £4.7m (2014: £3.4m, constant currency basis).

Strong EBITDA performance in tote services was driven by the new contract with Betfred (Totepool), increased maintenance revenues from new customers, and cost efficiencies.

In addition to the successful implementation of our Quantum Tote system, together with supporting software and hardware to Betfred, in the US Sportech Racing has signed new long-term contracts with Remington Park and Lonestar Park to supply on-track technology, including the recently launched Digital Link mobile betting app. The announcement in December of our two new customers in Asia, Royal Sabah Turf Club of Malaysia and Sports Network Limited, a reseller to Vietnamese tracks, mark our first steps into Asia, further expanding our global presence.

As previously reported, we lost two significant Digital customers earlier in the year, one of whom ceased all racing operations in April 2015. Cost actions, including a management restructure, have helped mitigate the EBITDA impact, although EBITDA has fallen to £0.6m (2014: £1.2m, constant currency basis). However, since then we have secured new customers, including Hawthorne racecourse in Chicago and a contract with Penn National Gaming Inc. to deliver new internet and mobile solutions, providing the G4 internet betting platform and Digital Link mobile betting app, together with associated services, including telephone betting, customer services and technical support.

The exit from our contract to operate betting for the California racing industry in October incurred exceptional costs of £0.6m relating to staff restructuring and terminal transport. We have reallocated a number of betting terminals from the California business to new and existing contracts, with the remaining book value of those terminals and associated software of £2.4m being written off. To drive further efficiencies, we also decided to exit our loss-making contract with German racing at the end of the year. As a result, we have consolidated our data and operations centre activities into New Jersey, and therefore closed the German-based operations centre. Restructuring costs of £0.8m were incurred as part of these actions.

Sportech Venues

(i) Sportech Venues: Business Review

In the State of Connecticut, Sportech Venues operates all betting on horseracing, greyhound racing and Jai-Alai under an exclusive and in perpetuity licence for retail, telephone, internet and mobile. The business, which is operated with close consultation and oversight from the State, is the only legally permitted betting operator in Connecticut. In time, we would hope to be in a position to offer betting on sports and slots.

Further to this, we remain involved in the ongoing debate and discussions concerning the expansion of machine slots. Our involvement is based on the potential opportunity for the business, but also acts as a defensive move to counter the expected loss of taxation revenues for, and employment in, the State through the expected opening of new casinos in neighbouring states.

We continue to develop our retail estate under our exclusive licence, and have full approvals for the development of a $7m flagship sports bar, restaurant and betting venue in downtown Stamford. As with our sports bar and betting facility in Bradley, this will be done in partnership with Bobby Valentine, who will relocate his existing renowned sports bar and restaurant into the new facility. An additional venue is progressing through the planning stage.

We have appointed the land and property consultant, CBRE, to market and sell surplus property and land assets we own in New Haven, Connecticut. This is expected to realise capital capable of funding the majority of our venues build out strategy up to 2018.

We previously announced that our Connecticut venues business was impacted by the severe winter weather at the beginning of 2015 which caused significant race cancellations, together with the absence of popular betting content due to the temporary closure of a Jai-Alai venue throughout the year. Despite this and competition faced from unlicensed illegal internet operators who continue to take bets (together with tax and jobs) from Connecticut residents, despite the issue of cease and desist letters, a 50% growth in internet betting was achieved. We anticipate support from the State to protect the terms of our licence, and to grow jobs and State tax revenues.

We have extended our business strategy from Connecticut into California, where the Group has an agreement to develop up to ten new sports bar, restaurant and betting venues across Southern California under the brand name “Striders”. The first of these had its launch on 28 January 2016, having had its soft launch in late 2015. This venue has been developed as a joint venture with local operator, Silky Sullivan Group. The Group also has approval to construct a second site in the town of Norco.

In the Netherlands we operate a number of OTBs, point-of-sale terminals and online betting on horseracing, all on an exclusive basis under a licence from the Ministry of Justice. This licence is in place until December 2016 and we continue to work closely with the Government, the regulator and the horseracing industry regarding the future regulatory plans.

(ii) Sportech Venues: Financial Review

£m		Revenue 2015 FY	Revenue 2014 FY	EBITDA 2015 FY	EBITDA 2014 FY
Venues	- Connecticut	**27.6**	29.2	**2.6**	3.3
Other Venues	- Netherlands	**4.6**	4.6	**0.2**	0.1
	- California	**0.5**	0.4	**—**	—
FX effect		**—**	(1.6)	**—**	(0.2)
Total		**32.7**	32.6	**2.8**	3.2

Overall revenues have increased to £32.7m (2014: £32.6m), which includes a £1.6m benefit from foreign exchange, whilst EBITDA has fallen to £2.8m (2014: £3.2m), again with a £0.2m benefit from foreign exchange.

The impact of the previously mentioned extreme weather in Connecticut and the temporary Jai-Alai venue closure for refurbishment accounted for 6% reduction in betting volumes in the year and we anticipate a recovery in betting volumes in 2016, and indeed the Jai-Alai venue has now re-opened. The reduction in betting revenues has contributed to revenues and EBITDA in Connecticut declining by £1.6m and £0.7m respectively, compared to prior year at constant currency.

Our venue at Bradley made a contribution of $1.0m, before central costs, and it was pleasing that the food and beverage at this venue (Bobby V's sports bar and restaurant) moved to break-even in 2015 and in 2016 is currently more than 30% up compared to the same period last year.

In the Netherlands our business performed in line with last year, with revenues stable at £4.6m (2014: £4.6m) and EBITDA marginally up to £0.2m (2014: £0.1m), comparatives at constant currency.

In addition to our recently opened Striders venue, in California, we also supply technology services to eight independently owned sports bar locations in the south of the State. Amounts wagered at these locations generated revenues of £0.5m (2014: £0.4m).

Football Pools

(i) Football Pools: Business Review

Several years ago, we set out a clear strategy for the Football Pools division, forecasting EBITDA of £15.0m in 2015, followed by earnings stability and growth thereafter. To achieve that position, the business needed to improve customer retention, increase spend per head from core customers, recruit new players and convert existing paper players into direct debit and online channels. To support delivery of this strategy, the business needed to modernise its operations and consolidate its customers into a single database, enabling greater cross-sell opportunities with a lower, more agile operating cost base.

We are pleased, therefore, that the 2015 Football Pools EBITDA was £15.2m. Ongoing improvements in technology platforms will provide a basis for stability and subsequently growth in future years.

(ii) Football Pools: Financial Review

£m	Revenue 2015 FY	Revenue 2014 FY	EBITDA 2015 FY	EBITDA 2014 FY
Football Pools	**33.8**	38.0	**15.2**	16.6

The financial results for the Football Pools were as expected and in line with the strategic plan. Revenues for the period were £33.8m (2014: £38.0m), with 70% of the reduction due to the decrease in the number of customers who play by the collector channel. As mentioned, EBITDA was £15.2m (2014: £16.6m).

The continued focus on the subscription channel revenues saw weekly spend per customer increasing 2.7% to £2.95 (2014: £2.88), offsetting some of the reduction in customer numbers. Subscription revenues showed increasing signs of a move towards stability at £27.3m (2014: £28.1m).

In December 2015, our main Classic Pools game had 221,000 subscription customers (2014: 240,000). Encouragingly, over 60% of our customers are now playing by direct debit. 18,000 new subscription customers were recruited (2014: 23,000), with 9,300 from digital channels (2014: 8,900).

In the second half of 2015, footballpools.com released a newly configured version of the website. The latest code offers flexibility to create new game formats and features, such as new payment types, and also gives the opportunity for improved analysis of players' online behaviour. These developments also provided the launch pad for the development of an iOS App, giving the Football Pools the opportunity to reach more mobile users and raise engagement levels.

These developments have put us in the position to drive online revenue growth, and our average weekly gross win in the first 6 weeks of 2016 is 59% higher than the same period in 2015.

We anticipate exceptional costs for modernisation of up to £3.0m this year.

Corporate costs

Corporate costs of £3.5m (2014: £3.9m) have been reduced by 10% and remain tightly controlled. In addition, we also have a non-cash share option expense under IFRS 2 of £0.5m (2014: £0.6m).

Depreciation, amortisation and impairment of assets

The Group's normal depreciation and amortisation charge increased in the period to £7.6m (2014: £6.2m), principally due to the ongoing capital expenditure in our businesses in North America.

The Group incurred a non-cash amortisation charge of £1.2m (2014: £1.4m) on the intangible assets acquired with eBet in 2012, Datatote in 2014 and Bump in 2015. The prior year also included amortisation of intangibles acquired with Vernons in 2007 of £2.7m, which became fully amortised in June 2014. A non-cash impairment charge of £3.7m has been charged against the goodwill recognised on the original acquisition of eBet in 2012. Impairment charges against fixed assets previously deployed in California (£2.4m) have also been recognised in the year. In 2014, an impairment of £28.1m was recorded to reduce the carrying value of the Football Pools goodwill to £119.5m.

Exceptional income

During the period, the Group completed the sale of its iGaming interest in New Jersey, generating a profit of £8.1m on disposal. We sold our 50% stake in Sportech-NYX Gaming, LLC ("SNG") to our joint venture partner, NYX Gaming Group Limited ("NYX"), for a total consideration of up to CAD $22.1m (£11.3m), comprising £5.1m cash, 2.2 million NYX ordinary shares equating to an aggregate value of CAD $9.1m (£4.7m) at a price of CAD $4.15 per share and up to a maximum of CAD $3.0m (£1.5m) in contingent consideration. This contingent consideration is discounted at disposal date to £1.1m to give a fair value of total consideration recognised of £10.9m.

Exceptional costs

The Group has incurred exceptional administration costs of £2.6m (2014: £2.3m) in the twelve-month period. These costs include restructuring and other costs of £1.0m (2014: £1.4m) of which £0.8m relate to the closure of our loss-making German operations. Costs of £0.6m (2014: £nil) comprising restructuring, terminal transport and storage were incurred following the loss of the Californian contract in the Racing & Digital division. We incurred costs of £0.2m (2014: £nil) in relation to potential corporate activity, costs in relation to the set-up of our joint venture companies of £0.2m (2014: £0.6m), costs in relation to the granting of our New Jersey licence of £0.3m (2014: £0.1m), and transaction costs in relation to acquisitions of £0.1m (2014: £0.1m). Realised fair value losses on the NYX ordinary shares held by the Group of £0.2m have also been incurred in the year (2014: £nil), representing movement in the NYX share price from the disposal date to the date the shares were received. The costs disclosed as exceptional are consistent with the type of cost disclosed as exceptional in prior periods.

Net finance costs

The Group has incurred net interest costs in the period of £3.2m (2014: £2.8m), with the increase over prior year due to the savings made in 2014 from holding £93m in cash in relation to the VAT repayment claim from the end of June to November 2014, when it was repaid. In addition, other finance income amounted to £0.6m (2014: £0.3m), reflecting the credit of fair value movement on interest rate swaps of £0.5m and foreign exchange gains on inter-company loans of £0.4m, net of £0.3m exceptional finance costs (2014: £nil) in relation to banking facility amendments.

Taxation

A tax charge for the period of £3.0m (2014: £1.3m) has been provided at the weighted average applicable tax rate for the Group of 17.0% (2014: 23.0%) together with the tax effects of permanent differences and other adjustments. The Group has a net deferred tax asset of £0.5m (2014: £0.8m), representing primarily foreign taxes withheld, which can be utilised against future profits. Tax payments of £2.3m were made during the period (2014: £1.3m), principally representing final payments for prior-year tax liabilities and overseas tax deducted at source.

Net bank debt

The Group continues to operate comfortably within its covenant test ratios. We amended the terms of our revolving credit facility during the year, reducing the facility to £75m whilst obtaining improved covenant terms. The facility is in place until August 2018 with a banking syndicate of Royal Bank of Scotland plc, Barclays Bank PLC and Bank of Scotland plc. Net bank debt has decreased by £6.1m (10%) in the year to £57.7m (31 December 2014: £63.8m). The Group's bank leverage ratio for covenant testing purposes (adjusted net bank debt/adjusted EBITDA) has improved to 2.50x as at 31 December 2015 (31 December 2014: 2.66x), comfortably satisfying the bank leverage covenant test of 3.00x. Under the revised terms of the facility, this leverage covenant decreases to 2.75x at December 2016 and 2.50x at June 2017.

Capital expenditure

The Group is starting to see the benefit of its previous heavy technological investment and is now able to reduce its capital expenditure levels accordingly. As the Group has continued to develop its divisional technology offering, capital expenditure reduced 16% (£1.6m) in the period to £8.4m (2014: £10.0m).

Acquisitions and investment in joint ventures

The Group has invested £1.1m into its Californian joint venture for build-out and start-up costs in relation to its San Diego venue. The Group had also invested £2.1m in our iGaming interests in New Jersey, prior to its profitable disposal and we continue to support the running costs of our Indian joint venture at £0.2m per annum.

During the year the Group acquired a 39.2% share in DraftDay for nil cash consideration. The Group has recorded an asset and corresponding liability in respect of the management time and customer contacts that will be provided.

VAT claim

In November, the Group was advised that the scheduled appeal hearing in respect of the “Spot the Ball” VAT claim for approximately £97m was delayed. This appeal will now be heard on 7/8 April 2016.

Dividend

No dividend is proposed. The Board will continue to assess when to commence the payment of dividends.

Shareholders’ funds

Total equity and the Group’s net assets at 31 December 2015 have increased to £126.2m (2014: £119.8m).

Board and employees

The Board is pleased that the appointment of Mickey Kalifa as Chief Financial Officer takes effect from today. Mickey has been our Corporate Development Director for the last six years. He has extensive experience in finance and executive roles with some of the world’s largest media and technology companies, including Young & Rubicam, Disney, Time Warner, BSkyB and Liberty Media. He succeeds Cliff Baty, whom we thank for his contribution to the Group.

Sportech is a geographically diverse business which places significant demands upon executives and employees. The Board would like to thank them for their dedication and commitment to the Group.

Corporate Activity

During the year the Group received an indicative proposal from Contagious Gaming Inc. but this did not result in a formal offer being made. In December, following receipt of a number of indicative proposals in respect of the Football Pools, the Board invited interested parties to submit their best offers in early 2016, and the Board continues with this process.

Outlook

We have started the year well and, for the first two months of the year, are trading in line with expectations.

Sportech has established a unique position in the regulated gaming market worldwide, most notably with our licensed gaming businesses in the US. Following a number of years of significant investment in our technology and licensing, we are now in the position to grow our business, dispose of surplus property assets, benefit from regulatory change and deliver earnings stability and then growth within the Football Pools.

We will take the actions that are required to deliver value to our shareholders.

Ian Penrose
Chief Executive

3 March 2016

Consolidated income statement
For the year ended 31 December 2015

	Note	**2015 £m**	2014 £m
Revenue		**100.2**	104.1
Cost of sales		**(58.2)**	(58.1)
Gross profit		**42.0**	46.0
Distribution costs		**(0.6)**	(0.9)
Administrative expenses		**(36.3)**	(62.4)
Other operating income		**8.1**	—
EBITDA before exceptional items, share option expense and impairment of assets		**23.1**	24.0
Share option expense		**(0.5)**	(0.6)
Depreciation and amortisation (excluding amortisation of acquired intangibles)		**(7.6)**	(6.2)
Amortisation of acquired intangibles		**(1.2)**	(4.1)
Impairment of assets		**(6.1)**	(28.1)
Exceptional income	6	**8.1**	—
Exceptional costs	5	**(2.6)**	(2.3)
Operating profit/(loss)		**13.2**	(17.3)
Finance costs	7	**(3.2)**	(2.8)
Other finance income	7	**0.6**	0.3
Net finance costs	7	**(2.6)**	(2.5)
Share of loss after tax and impairment of joint ventures and associates		**(0.9)**	(0.2)
Profit/(loss) before taxation		**9.7**	(20.0)
Adjusted profit before taxation *		**11.8**	14.4
Taxation	8	**(3.0)**	(1.3)
Profit/(loss) for the year		**6.7**	(21.3)
Attributable to:			
Owners of the Company		**6.7**	(21.3)
Non-controlling interests		—	—
		6.7	(21.3)
Earnings/(loss) per share attributable to owners of the Company			
Basic	9	**3.3p**	(10.4)p
Diluted	9	**3.1p**	(9.9)p
Adjusted earnings per share attributable to owners of the Company			
Basic	9	**4.4p**	5.5p
Diluted	9	**4.2p**	5.2p

* Adjusted profit before taxation is profit before taxation, amortisation of acquired intangibles, impairment of assets, exceptional items, share of loss after tax and impairment of joint ventures and associates, and other finance income.

Consolidated statement of comprehensive income
For the year ended 31 December 2015

	2015 £m	2014 £m
Profit/(loss) for the year	**6.7**	(21.3)
Other comprehensive income/(expense):		
Items that will not be reclassified to profit and loss		
Actuarial gain/(loss) on retirement benefit liability	**0.2**	(0.4)
Deferred tax on movement on retirement benefit liability	**(0.1)**	0.1
	0.1	(0.3)
Items that may be subsequently reclassified to profit and loss		
Revaluation of available for sale financial assets	**(1.6)**	—
Currency translation differences	**0.6**	1.4
	(1.0)	1.4
Other comprehensive (expense)/income for the year, net of tax	**(0.9)**	1.1
Total comprehensive income/(expense) for the year	**5.8**	(20.2)

Consolidated statement of changes in equity
For the year ended 31 December 2015

	Attributable to Owners of the Company							
		Other reserves						
	Ordinary shares £m	Share option reserve £m	Pension reserve £m	Currency translation reserve £m	Available-for-sale reserve £m	Retained earnings £m	Non-controlling interests £m	Total £m
At 1 January 2014	102.4	2.2	(0.3)	(1.5)	—	36.9	—	139.7
Comprehensive (expense)/income								
Loss for the year	—	—	—	—	—	(21.3)	—	(21.3)
Other comprehensive (expense)/income								
Actuarial loss on retirement benefit liability*	—	—	(0.3)	—	—	—	—	(0.3)
Currency translation differences	—	—	—	1.4	—	—	—	1.4
Total other comprehensive (expense)/ income	—	—	(0.3)	1.4	—	—	—	1.1
Total comprehensive (expense)/income	—	—	(0.3)	1.4	—	(21.3)	—	(20.2)
Transactions with owners								
Share option credit	—	0.6	—	—	—	—	—	0.6
Employment taxes paid on vestings in the year	—	(0.3)	—	—	—	—	—	(0.3)
Shares issued in relation to PSP	0.2	(0.2)	—	—	—	—	—	—
At 31 December 2014	102.6	2.3	(0.6)	(0.1)	—	15.6	—	119.8
Comprehensive income								
Profit for the year	—	—	—	—	—	6.7	—	6.7
Other comprehensive income/(expense)								
Revaluation of available-for-sale financial Asset (note 6)	—	—	—	—	(1.6)	—	—	(1.6)
Actuarial gain on retirement benefit liability*	—	—	0.1	—	—	—	—	0.1
Currency translation differences	—	—	—	0.6	—	—	—	0.6
Total other comprehensive income/ (expense)	—	—	0.1	0.6	(1.6)	—	—	(0.9)
Total comprehensive income/(expense)	—	—	0.1	0.6	(1.6)	6.7	—	5.8
Transactions with owners								
Share option credit	—	0.5	—	—	—	—	—	0.5
Shares issued in relation to PSP	0.5	(0.5)	—	—	—	—	—	—
Changes in ownership interests								
Acquisition of interests in S&S Venues California, LLC	—	—	—	—		—	0.1	0.1
Total transactions with owners of the Company	0.5	—	—	—	—	—	0.1	0.6
					(1.6)			
Total changes in equity	0.5	—	0.1	0.6		6.7	0.1	6.4
At 31 December 2015	**103.1**	**2.3**	**(0.5)**	**0.5**	**(1.6)**	**22.3**	**0.1**	**126.2**

* Net of deferred tax.

Consolidated balance sheet
As at 31 December 2015

	Note	**2015 £m**	2014 £m
ASSETS			
Non-current assets			
Goodwill	10	**121.3**	125.0
Intangible fixed assets		**42.1**	42.1
Property, plant and equipment		**24.0**	24.9
Net investment in joint ventures and associates		**2.1**	2.2
Trade and other receivables		**2.0**	1.2
Deferred tax assets		**1.4**	1.4
		192.9	196.8
Current assets			
Trade and other receivables		**10.9**	10.4
Inventories		**2.1**	1.5
Available-for-sale financial assets	6	**2.9**	—
Cash and cash equivalents		**4.4**	6.3
		20.3	18.2
TOTAL ASSETS		**213.2**	215.0
LIABILITIES			
Current liabilities			
Derivative financial instruments		—	(0.5)
Trade and other payables		**(20.6)**	(20.5)
Provisions		**(0.1)**	(0.2)
Current tax liabilities		**(1.3)**	(0.8)
		(22.0)	(22.0)
Net current liabilities		**(1.7)**	(3.8)
Non-current liabilities			
Financial liabilities	12	**(62.3)**	(70.6)
Retirement benefit liability		**(1.4)**	(1.6)
Provisions		**(0.4)**	(0.4)
Deferred tax liabilities		**(0.9)**	(0.6)
		(65.0)	(73.2)
TOTAL LIABILITIES		**(87.0)**	(95.2)
NET ASSETS		**126.2**	119.8
EQUITY			
Ordinary shares		**103.1**	102.6
Other reserves		**0.7**	1.6
Retained earnings		**22.3**	15.6
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**126.1**	119.8
Non-controlling interests		**0.1**	—
TOTAL EQUITY		**126.2**	119.8

Consolidated statement of cash flows
For the year ended 31 December 2015

	Note	**2015 £m**	2014 £m
Cash flows from operating activities			
Cash generated from operations, before exceptional items	11	**20.2**	20.4
Interest paid		**(3.2)**	(3.0)
Tax paid		**(2.3)**	(1.3)
Net cash generated from operating activities before cash exceptional costs		**14.7**	16.1
Cash exceptional costs		**(2.3)**	(2.3)
Net cash generated from operating activities		**12.4**	13.8
Cash flows from investing activities			
Investment in joint ventures		**(2.5)**	(1.9)
Acquisition of Bump Worldwide Inc. inclusive of overdraft acquired		—	(0.2)
Payment of deferred consideration for eBet Online Inc.		—	(0.7)
Proceeds received on disposal of Sportech-NYX Gaming, LLC		**5.1**	—
Purchase of intangible fixed assets		**(4.9)**	(5.1)
Purchase of property, plant and equipment		**(3.4)**	(4.9)
Net cash used in investing activities		**(5.7)**	(12.8)
Cash flows from financing activities			
Refinancing fee paid – exceptional cost		**(0.3)**	(1.4)
Net cash (outflow)/inflow from (repayment)/drawdown of borrowings		**(8.0)**	4.1
Net cash (used in)/generated from financing activities		**(8.3)**	2.7
Net (decrease)/increase in cash and cash equivalents		**(1.6)**	3.7
Effect of foreign exchange on cash and cash equivalents		**(0.3)**	—
Cash and cash equivalents at the beginning of the year		**6.3**	2.6
Cash and cash equivalents at the end of the year		**4.4**	6.3

Reconciliation of net bank debt			
(Decrease)/increase in cash in the year		**(1.9)**	3.7
Net cash outflow/(inflow) from repayment/(drawdown) of borrowings		**8.0**	(4.1)
Movement in net bank debt for the year		**6.1**	(0.4)
At 1 January		**(63.8)**	(63.4)
At 31 December		**(57.7)**	(63.8)

Net bank debt comprises:			
Cash and cash equivalents		**4.4**	6.3
Loans repayable after one year	12	**(62.1)**	(70.1)
At 31 December		**(57.7)**	(63.8)

Notes to the preliminary statement
For the year ended 31 December 2015

1. Reporting entity

Sportech PLC (the "Company") is a company domiciled in the UK and listed on the London Stock Exchange. The Company's registered office is Collins House, Rutland Square, Edinburgh, Midlothian, Scotland EH1 2AA. The consolidated financial statements of the Company as at and for the year ended 31 December 2015 comprise the Company, its subsidiaries, joint ventures and associates (together referred to as the "Group"). The principal activities of the Group are pools betting, both B2B and B2C, and supply of wagering technology solutions.

2. Basis of reporting

a. The accounting policies used in preparation of this preliminary announcement have remained unchanged from those set out in the Group's 2014 financial statements. They are also consistent with those in the full financial statements which have yet to be published.
b. The preliminary results for the year ended 31 December 2015 were approved by the Board of Directors on 3 March 2016.
c. The Company's accounting reference date is 31 December. Consistent with the normal monthly reporting process, the actual date to which the balance sheet has been drawn up is 3 January 2016 (2014: 4 January 2015). For ease of reference in this preliminary announcement, all references to the results for the year are for the year ended 31 December 2015 (2014: 31 December 2014) and the financial position at 31 December 2015 (2014: 31 December 2014).
d. The financial information set out in this announcement does not constitute statutory financial statements for the years ended 31 December 2015 and 2014 within the meaning of Section 435 of the Companies Act 2006, but is extracted from those financial statements. The auditors have reported on those financial statements and have given an unqualified report which does not contain a statement under Section 498 of the Companies Act 2006.
e. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and International Financial Reporting Interpretation Committee ("IFRIC") as adopted by the European Union ("IFRSs as adopted by the EU") and with those parts of the Companies Act 2006 applicable to companies reporting under IFRSs. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities (including derivative instruments and available-for-sale financial assets) to fair value in accordance with IAS 39.
f. The Directors have reviewed and approved the Group's forecasts and projections, and also reviewed sensitivities that have been applied to the forecasts. On the basis of this review, the Directors consider that the Group has adequate resources to continue in operational existence for the period under review and that it is therefore appropriate to adopt the going concern basis in preparing its financial statements.

3. Estimates

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

4. Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee, which makes strategic and operational decisions.

The Executive Committee assesses the performance of the operating segments based on a measure of adjusted EBITDA which excludes the effects of non-recurring expenditure such as exceptional items and asset impairment charges. The share option expense is also excluded. Interest is not allocated to segments as the Group's cash position is controlled by the central finance team. Sales between segments are at arm's length.

The Group has identified its business segments as outlined below:

- Football Pools – Football Pools and associated games through traditional channels such as mail, telephone, agent-based collection, retail outlets, third-party licensed betting offices, and through online and digital channels;
- Sportech Racing and Digital – provision of pari-mutuel wagering services and systems worldwide, principally to the horseracing industry;
- Sportech Venues – off-track betting venue management; and
- Corporate costs – central costs relating to the Company in its capacity as the PLC holding company of the Group.

	2015					
	Football Pools £m	Sportech Racing and Digital £m	Sportech Venues £m	Corporate costs £m	Inter-segment elimination £m	Total £m
Revenue from sale of goods	**33.8**	**4.7**	—	—	—	**38.5**
Revenue from rendering of services	—	**29.9**	**32.7**	—	**(0.9)**	**61.7**
Total revenue	**33.8**	**34.6**	**32.7**	—	**(0.9)**	**100.2**
EBITDA before exceptional items, share option expense and impairment of assets	**15.2**	**8.6**	**2.8**	**(3.5)**	—	**23.1**
Share option expense	—	—	—	**(0.5)**	—	**(0.5)**
Depreciation and amortisation (excluding amortisation of acquired intangibles)	**(1.8)**	**(3.8)**	**(1.3)**	**(0.7)**	—	**(7.6)**
Segment result before amortisation of acquired intangibles, impairment of assets and exceptional items	**13.4**	**4.8**	**1.5**	**(4.7)**	—	**15.0**
Amortisation of acquired intangibles	—	**(1.2)**	—	—	—	**(1.2)**
Impairment of assets	—	**(6.1)**	—	—	—	**(6.1)**
Exceptional income	—	**8.1**	**—**	**—**	**—**	**8.1**
Exceptional costs	**(0.2)**	**(1.5)**	**(0.2)**	**(0.7)**	—	**(2.6)**
Operating profit/(loss)	**13.2**	**4.1**	**1.3**	**(5.4)**	—	**13.2**
Net finance costs						**(2.6)**
Share of loss after tax and impairment of joint ventures and associates						**(0.9)**
Profit before taxation						**9.7**
Taxation						**(3.0)**
Profit for the year						**6.7**

	2014					
	Football Pools £m	Sportech Racing and Digital £m	Sportech Venues £m	Corporate costs £m	Inter-segment elimination £m	Total £m
Revenue from sale of goods	38.0	4.2	—	—	—	42.2
Revenue from rendering of services	—	30.3	32.5	—	(0.9)	61.9
Total revenue	38.0	34.5	32.5	—	(0.9)	104.1
EBITDA before exceptional items, share option expense and impairment of assets	16.6	8.1	3.2	(3.9)	—	24.0
Share option expense	—	—	—	(0.6)	—	(0.6)
Depreciation and amortisation (excluding amortisation of acquired intangibles)	(1.5)	(3.5)	(1.2)	—	—	(6.2)
Segment result before amortisation of acquired intangibles, impairment of assets and exceptional items	15.1	4.6	2.0	(4.5)	—	17.2
Amortisation of acquired intangibles	(2.6)	(1.5)	—	—	—	(4.1)
Impairment of assets	(28.1)	—	—	—	—	(28.1)
Exceptional costs	(1.4)	—	(0.1)	(0.8)	—	(2.3)
Operating (loss)/profit	(17.0)	3.1	1.9	(5.3)	—	(17.3)
Net finance costs						(2.5)
Share of loss after tax of joint ventures						(0.2)
Loss before taxation						(20.0)
Taxation						(1.3)
Loss for the year						(21.3)

5. Exceptional (income)/costs

Net exceptional (income)/costs by type are as follows:

	2015 £m	2014 £m
Included in administrative expenses:		
Redundancy and restructuring costs in respect of the rationalisation and modernisation of the business	**1.0**	1.1
Costs incurred in relation to California contract exit	**0.6**	—
Transaction costs in relation to Contagious Gaming Inc. proposal	**0.2**	—
Costs and fees in relation to Spot the Ball VAT claim	—	0.2
Transaction costs in respect of the acquisition of subsidiaries and associates	**0.1**	0.1
Licensing costs in New Jersey in respect of the acquisition of Sportech Racing	**0.3**	0.1
Costs in relation to the set up of joint ventures	**0.2**	0.6
IFRS 3 employment costs in relation to Datatote (England) Limited and Bump Worldwide Inc.	**0.2**	0.4
Release of deferred consideration accrued for Datatote (England) Limited	**(0.2)**	—
Release of deferred consideration accrued for eBet Online Inc	—	(0.5)
Realised fair value loss on receipt of shares in NYX Gaming Group Limited (note 6)	**0.2**	—
Other exceptional items	—	0.3
	2.6	2.3
Included in other operating income:		
Net gain on disposal of Sportech-NYX Gaming, LLC (note 6)	**(8.1)**	—
	(8.1)	—
Included in net finance costs:		
Refinancing fee	**0.3**	1.4
Movement on derivative financial instruments post designation as ineffective	**(0.5)**	(0.8)

	(0.2)	0.6
Total exceptional (income)/costs	**(5.7)**	2.9

6. Disposals

On 3 July 2015, the Group disposed of its investment in Sportech-NYX Gaming, LLC for cash consideration of £5.1m, 2.2m ordinary shares of NYX Gaming Group Limited ("NYX"), and an element of contingent consideration.

The shares had an aggregate value on the date of disposal of £4.7m, based on the share price at that time of CAD $4.15.

As a condition of the disposal, NYX is required to pay the Group CAD $1.0m for each customer to go live on the NYX Real Money Wagering Platform in the US, its territories and Commonwealth, Canada and all sovereign Indian Nations in these countries prior to 28 May 2020. The maximum consideration receivable by the Group for this condition is CAD $3.0m. Management believe that NYX will acquire at least three customers to the relevant platform before this date and as such have accrued for the contingent consideration in full (discounted to today's value at a rate of 8.3%), at a value of £1.1m.

The net gain on disposal of Sportech-NYX Gaming, LLC recognised in the year is calculated as follows:

	£m
Consideration receivable	**10.9**
Net investment in joint venture disposed of	**(1.9)**
Disposal costs	**(0.9)**
Net gain on disposal before taxation	**8.1**

On the date of receipt, the shares had an aggregate value of £4.5m, based on the share price on that date (16 July 2015) of CAD $4.06 per share. The fair value loss on the consideration receivable of £0.2m from disposal date to the date of receipt has been recognised as an exceptional cost in the year (see note 5). The shares held in NYX represent an available-for-sale financial asset in accordance with IAS 39. Accordingly, the shares are revalued to their fair value at the reporting date, with gains/(losses) recognised in other comprehensive income until their ultimate disposal by the Group. At year end, the shares had an aggregate value of £2.9m, representing a share price of CAD $2.72 at that date, with £1.6m held in the available-for-sale reserve.

Contingent consideration of £1.1m is included in non-current trade and other receivables at the reporting date.

7. Net finance costs

	2015 £m	2014 £m
Interest payable on bank loans, derivative financial instruments and overdrafts	**3.2**	2.8
Refinancing fee	**0.3**	1.4
Movement on derivative financial instruments post designation as ineffective	**(0.5)**	(0.8)
Foreign exchange gain on financial assets and liabilities denominated in foreign currency	**(0.4)**	(0.9)
Net finance costs	**2.6**	2.5

The refinancing fee, the fair value movements on derivative financial instruments, and the foreign exchange gain on financial assets and liabilities denominated in foreign currency are all together shown as other finance income in the income statement. Included in the above table is exceptional income of £0.2m (2014: exceptional costs of £0.6m).

8. Taxation

	2015 **£m**	2014 £m
Current tax:		
Current tax on profit for the year	**2.8**	1.5
Adjustments in respect of prior years	**0.4**	(0.2)
Total current tax	**3.2**	1.3
Deferred tax:		
Origination and reversal of temporary differences	**0.7**	0.1
Effect of changes in tax rates	**(0.1)**	(0.1)
Adjustments in respect of prior years	**(0.8)**	—
Total deferred tax	**(0.2)**	—
Total taxation charge	**3.0**	1.3

The taxation on the Group's profit/(loss) before taxation differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits and losses of the consolidated entities as follows:

	2015 **£m**	2014 £m
Profit/(loss) before taxation	**9.7**	(20.0)
Add share of loss after tax and impairment of joint ventures and associates	**0.9**	0.2
Profit/(loss) before taxation and share of loss after tax of joint ventures	**10.6**	(19.8)
Tax calculated at domestic tax rates applicable to profits/(losses) in the respective countries	**1.8**	(4.6)
Tax effects of:		
– permanent differences	**1.7**	6.2
– effect of changes in tax rates	**(0.1)**	(0.1)
– adjustments in respect of prior years	**(0.4)**	(0.2)
Total taxation charge	**3.0**	1.3

The weighted average applicable tax rate was 17.0% (2014: 23.0%). The decrease is as a result of a change in mix of profits in jurisdictions with varying tax rates.

Included within permanent differences in 2015 is the tax effect at 34% of the £3.7m impairment of goodwill attributable to eBet Online Inc (note 10), for which no tax relief is received. Similarly no tax relief was received in 2014 for the £28.1m impairment of goodwill in the Football Pools segment, and the tax effect at 21.5% of this is reflected within permanent differences in that year.

9. Earnings per share

The calculations of earnings per share ("EPS") are based on the following profits attributable to ordinary shareholders and the weighted average number of shares in issue:

	2015 **£m**	2014 £m
Profit/(loss) attributable to the owners of the Company	**6.7**	(21.3)
Weighted average number of ordinary shares in issue ('000)	**206,051**	204,986
Basic earnings/(loss) per share	**3.3p**	(10.4)p

The calculations of adjusted EPS are based on the following profits attributable to ordinary shareholders, the weighted average number of shares and an estimated adjusted tax charge of 23.7% (2014: 22.3%). The adjusted tax charge is based on adjusted profit before tax as defined in the income statement. Therefore the tax effect of these items is excluded.

	2015			2014		
	Profit £m	**Weighted average number of shares '000**	**Per share amount Pence**	Profit £m	Weighted average number of shares '000	Per share amount Pence
Adjusted profit before taxation	**11.8**	**206,051**	**5.7**	14.4	204,986	7.0
Tax at 23.7% (2014: 22.3%)	**(2.8)**	**206,051**	**(1.3)**	(3.2)	204,986	(1.5)
Adjusted basic EPS	**9.0**	**206,051**	**4.4**	11.2	204,986	5.5

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Certain employee options (202,020 in number; 2014: 707,070) have been excluded from the calculated diluted EPS as their exercise price is greater than the weighted average share price during the year and therefore would not be dilutive. The weighted average number of shares that have a dilutive effect on adjusted EPS is 8,191,000 (2014: 9,005,000). Diluted basic earnings per share is 3.1p (2014: loss per share, 9.9p) and diluted adjusted EPS is 4.2p (2014: 5.2p).

10. Goodwill

	2015 £m	2014 £m
Cost		
At 1 January	**171.0**	171.0
Business combination	**—**	—
At 31 December	**171.0**	171.0
Accumulated impairment charges		
At 1 January	**(46.0)**	(17.9)
Impairment charged to income in the year	**(3.7)**	(28.1)
At 31 December	**(49.7)**	(46.0)
Opening net book value	**125.0**	153.1
Closing net book value	**121.3**	125.0

Goodwill arose on three historic acquisitions made by the Group: the acquisition of Littlewoods Leisure, including the Littlewoods Football Pools business, in September 2000, amounting to £145.2m; the acquisition of Vernons Football Pools in December 2007, amounting to £20.3m; and the acquisition of eBet Online Inc. in December 2012, of £5.5m. The accumulated impairment charges brought forward relate to the goodwill in the Football Pools segment.

During the year, impairment indicators were indentified in relation to the goodwill which arose on acquisition of eBet Online Inc. ("eBet"), being the loss of two significant eBet customers. The Group therefore carried out an impairment review of the carrying value of this goodwill and the cash-generating unit's tangible and intangible assets in accordance with IAS 36. The recoverable amount of those assets are estimated to be their value in use, represented by eBet's forecast future cash flows discounted at a rate of 10.0%. After allocating the asset's value in use to the tangible and intangible assets, the remaining recoverable amount was estimated to be £1.8m. As a result, an impairment charge against goodwill of £3.7m has been expensed to the income statement in administration expenses.

11. Cash flow from operating activities

Reconciliation of profit before taxation to cash flows from operating activities

	2015 £m	2014 £m
Profit/(loss) before taxation	**9.7**	(20.0)
Adjustments for:		
Net exceptional (income)/costs	**(5.7)**	2.9
Share of loss after tax and impairment of joint ventures and associates	**0.9**	0.2
Depreciation	**3.3**	3.0
Amortisation of acquired intangibles	**1.2**	4.1
Amortisation of other intangibles	**4.3**	3.2
Impairment of assets	**6.1**	28.1
Finance costs	**3.2**	2.8
Other finance income, excluding exceptional finance items	**(0.4)**	(0.9)
Share option expense	**0.5**	0.6
Movement in retirement benefit liability	**(0.1)**	(0.2)
Changes in working capital:		
Increase in trade and other receivables	**(0.1)**	(2.1)
Increase in inventories	**(0.6)**	—
Decrease in trade and other payables	**(2.1)**	(1.3)
Cash flows from operating activities before exceptional costs	**20.2**	20.4

12. Financial liabilities

	2015 £m	2014 £m
Non-current		
Drawn revolving credit facility due after one year	**62.1**	70.1
Deferred and contingent consideration due after one year	**0.2**	0.5
Total financial liabilities	**62.3**	70.6

13. Business combinations

a) Bump Worldwide Inc.

On 12 June 2014, the Group acquired 100% of the issued share capital of Bump Worldwide Inc. (“Bump”), a provider of electronic charitable raffles conducted during professional sporting events, known as “50:50 raffles”.

There were no changes during the hindsight period to the fair value assumptions applied at acquisition in relation to the net assets acquired and consideration paid for Bump.

EBITDA estimates for Bump continue to indicate that contingent consideration will be due and payable in 2017. This is being treated as employment costs under IFRS 3 “Business Combinations” (Revised) and is accordingly accrued on a time-apportioned basis to 31 December 2016.

b) Datatote (England) Limited

On 27 September 2013, the Group acquired 100% of the issued share capital of Datatote (England) Limited (“Datatote”). An element of the consideration payable for this purchase was contingent based on EBITDA targets.

Management estimates that the achievement of the EBITDA targets required for any contingent consideration to be paid on the acquisition of Datatote is unlikely. As such, the accrual recognised in the balance sheet at 31 December 2014 has been released in full (see note 5).

14. AGM

The Annual General Meeting will be held at 10.00 a.m. on 17 May 2015 at the offices of Olswang LLP, 90 High Holborn, London WC1V 6XX.

-Ends-