21 August 2014

Sportech PLC ("Sportech" or "the Group")
Interim results for the six months ended 30 June 2014

Momentum building in US business activities

Sportech, one of the world's leading operators and suppliers of pools and tote betting services, today announces its interim results for the six months ended 30 June 2014:

- Good strategic progress in securing new contracts and acquisitions
- Progress made in rolling out strategy across our venue estate, online, mobile and iGaming
- Group now generates 64% of its revenues from US-based business interests
- Football Pools performing in line with operational targets

Financial highlights

	Reported H1 2014 £m	Constant currency H1 2013 £m	Constant currency change %	Reported H1 2013 £m
Revenue	52.6	51.7	+1.7%	54.4
EBITDA[1]	12.0	12.1	-0.8%	12.5
Adjusted[2] **profit before tax**	6.3	6.3	-	6.6
Statutory profit before tax	87.8	2.3	n/a	2.6

- Revenue rose 1.7% to £52.6m on a constant currency basis
- EBITDA of £12.0m, in line with prior year at constant currency:
  - Sportech Racing and Digital up £0.6m to £3.7m
  - Sportech Venues down £0.6m to £2.0m
  - Football Pools in line with prior year at £8.2m
- Exceptional pre tax gain of £87.1m following receipt of £93.0m from HMRC. Outcome from HMRC's appeal pending
- Bank debt successfully refinanced on improved terms and extended until August 2018
- Net cash of £26.3m, adjusted net debt[3] of £66.7m (31 December 2013: £63.4m)

Strategic and operational highlights

- Sportech Racing and Digital
  - Agreement with BetFred to provide new systems and digital technology to Totepool (UK Tote) signed in July
  - Entered the US online gaming market through agreement with iconic Atlantic City-based Resorts Casino Hotel to supply online gaming services through our NYX joint venture
  - Acquired Bump Worldwide, a provider of electronic charity raffles, to extend customer base into professional sports teams

- Sportech Venues
  - Trading impacted due to extreme winter weather conditions, loss of VIP revenues, new development start-up costs and increased pressure on operating margins
  - Estate development continues:
    - 10,000 sq ft sports bar, restaurant and betting venue opened in Bradley, Connecticut
    - Received regulatory approval to open a pipeline of three similar venues over the next year in Stamford, Connecticut and in San Diego and Norco in California
  - Launched Connecticut's only legal online betting site

- Football Pools
  - Acquired record new customers to the subscription business
  - Increased spend per customer has offset the anticipated customer number decline, primarily in Collector Channel
  - Developing new online site which will go-live in H2 and is expected to drive customer acquisition

- US Directors and Senior Employees
  - US digital expertise strengthened with recent appointments of Rich Roberts as President of Digital, together with a Head of each of iGaming and online betting in Connecticut

Ian Penrose, Chief Executive of Sportech PLC, said:

"We are pleased with the progress we have made in the first half, and in particular with the strategic momentum we have continued to build in our US business. We are expanding our retail betting estate, developing an online betting offer on horseracing and rolling out iGaming products as regulation allows. This series of initiatives complements our existing Racing and Digital business that currently processes $13 billion of bets annually, and following significant investment in new technology and products over the last couple of years, the division has secured new contracts, most notably to replace the entire betting system for the UK Tote.

Customer reaction to the opening of our flagship 10,000 sq ft sports bar, restaurant and betting facility at Bradley has been very positive, and we have already obtained regulatory approvals to extend our estate by building a similar additional venue in Connecticut and two further similar venues in California over the next year. We have now launched the only legal online betting site in Connecticut, and the Group's highly regulated position has enabled us to enter the US online gaming market through a deal with the iconic Resorts Casino Hotel.

Given the pleasing growth in our Racing and Digital division, the solid performance of our Football Pools business, and the positive regulatory progress we have made in our Venues business, it is disappointing that the extreme US winter weather together with margin pressures in Connecticut have taken the shine off our financial performance. Like all companies with interests in the US, the reported results have been negatively impacted by the strength of Sterling. On a constant currency basis the Group remains in line to meet its expectations, although at current exchange rates the reported result will be adversely impacted for the full year."

1 EBITDA is stated before exceptional costs and income and share option expense.

2 Adjusted profit figures are stated before amortisation of acquired intangibles, exceptional costs and income, share of loss after tax of joint ventures and other finance (charges)/income.

3 Adjusted net debt is cash balances excluding monies received from HMRC in relation to the Spot the Ball VAT refund, net of borrowings.

Note: To aid understanding of the performance of the Group, the results have been presented on a constant currency basis due to the significant movement in the US Dollar and Euro against Sterling in the period versus the same period of the prior year.

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Forward-looking statements

Certain statements in this Interim 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 have been correct. As these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements.

The Group undertakes no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

Sportech PLC ("Sportech" or "the Group")
Interim results for the six months ended 30 June 2014

Overview

Sportech is one of the world's leading operators and suppliers of pools betting services, occupying a unique position in the highly regulated and emerging gaming markets worldwide.

We have made further progress in delivering the Group's strategy, particularly in the US where we continue to build a multi-platform gaming business. Notable progress during the period includes entry into the New Jersey online gaming market with the Atlantic City located Resorts Hotel and Casino, together with receiving key regulatory approvals for significant new betting and dining venues in Stamford, Connecticut and San Diego, California. Our new 10,000 sq ft sports bar, restaurant and betting venue opened in Bradley, Connecticut in February 2014, and we have since launched Connecticut's only legal online betting site. The Group also acquired Bump Worldwide Inc, a provider of electronic raffles to professional sports teams' charitable foundations. This acquisition gives us the opportunity to diversify the Group's Racing and Digital customer base into professional sport, to augment our racing, casino and lottery customers.

Operationally, we have experienced continued growth in our Racing and Digital business following our heavy investment in technology and products over the last couple of years. Our Venues business in Connecticut, however, has suffered from a combination of the extreme winter weather conditions, a reduction in VIP customer spends and new development start-up costs. The Football Pools has delivered a robust performance with increased spend per customer following the recent modernisation programme and ongoing refinement of the customer offering.

The Group has strengthened its management and operational capability in online technology with the recent appointment of Rich Roberts, in a newly created role as President of Digital in the US business. Rich was previously the CEO of Slingo, Inc, the New Jersey-based gaming and mobile social gaming business. Rich is now building a small team to support the business's ambitions in this key growth area.

Following the Group's success at the First-tier Tribunal in 2013, the appeal in relation to a £96.0m VAT claim repayment on "Spot the Ball" was heard at the Upper Tribunal (Tax and Chancery Chamber) on 29 April, 30 April and 2 May 2014. We await the decision of the Upper Tribunal.

During the period we received £93.0m in relation to this claim. A further £3.0m will be received following final determination of the claim in the Group's favour. This cash receipt of £93.0m has been recognised in the period together with associated legal and tax costs, generating a pre-tax gain of £87.1m. A decision from the Upper Tribunal in HMRC's favour would result in repayment of these funds to HMRC and a reversal of the associated net gain.

Outlook

We are pleased with the growth of our Racing and Digital division, the solid performance of our Football Pools business, but are facing challenges in our Venues business. Like all companies with interests in the US, the reported results have been negatively impacted by the strength of Sterling. On a constant currency basis, the Group remains in line to meet its expectations, although at current exchange rates the reported result will be adversely impacted for the full year.

Financial performance

Overall, Group revenue fell to £52.6m (2013: £54.4m), with a significant foreign exchange impact and EBITDA reduced to £12.0m (2013: £12.5m). Adjusted profit before tax was £6.3m (2013: £6.6m) and profit after tax was £69.0m (2013: £1.3m). Basic and adjusted earnings per share were 33.7p and 2.4p (2013: 0.7p and 2.5p) respectively. Following receipt of the overpaid VAT from HMRC, net cash was £26.3m. Adjusted net debt at 30 June 2014 was £66.7m (31 December 2013: £63.4m).

An analysis of Group revenue and EBITDA performance by business segment is shown in the table below, all numbers at constant currency:

£m	Revenue 2014 H1	Revenue 2013 H1	EBITDA 2014 H1	EBITDA 2013 H1
Sportech Racing and Digital*	**16.9**	16.0	**3.7**	3.1
Sportech Venues*	**16.9**	16.3	**2.0**	2.6
Football Pools	**19.3**	20.0	**8.2**	8.2
FX effect	**–**	2.7	**–**	0.4
Trading divisions	**53.1**	55.0	**13.9**	14.3
Inter-segment elimination and corporate costs	**(0.5)**	(0.6)	**(1.9)**	(1.8)
Total Group	**52.6**	54.4	**12.0**	12.5

*2013 numbers are in constant currency, translated using 2014 exchange rates.

Sportech Racing and Digital

Sportech Racing and Digital has a leading position worldwide in the provision of Tote software both through land-based terminals and online solutions including mobile and tablet devices. The business processes $13bn of bets annually and is licensed in 26 states in the US with offices and operational centres in Atlanta, New Jersey, Ireland, Germany and the UK.

The business has invested heavily in technology to support the business's future success. This includes its suite of mobile applications (known as Digital Link) as well as a new online betting platform, G4, to improve consumers' online betting experience.

In July, the division agreed to supply Betfred's Totepool business with a comprehensive suite of its betting technology products including Digital Link, G4, as well as the core Quantum tote system. This ten-year contract is estimated to be worth over £9.0m in revenues and is a significant landmark deal. The agreement with Betfred highlights the quality of our offer and further strengthens Sportech's position as the world's leading provider of tote betting solutions. Sportech has built considerable international momentum since 2013, following sales to Danske Spil, the State-owned Danish gaming operator, and Penn National, the largest owner and operator of racetracks and betting facilities in the United States.

The results can be analysed further as follows:

£m	Revenue 2014 H1	Revenue 2013 H1	EBITDA 2014 H1	EBITDA 2013 H1
Tote Services and equipment sales*	**15.1**	14.1	**3.2**	2.8
Digital*	**1.8**	1.9	**0.5**	0.3
FX effect	**–**	1.5	**–**	0.2
Total	**16.9**	17.5	**3.7**	3.3

*2013 numbers are in constant currency, translated using 2014 exchange rates.

For the Racing and Digital division, overall revenues have declined to £16.9m (2013: £17.5m), significantly impacted by foreign exchange. Within Tote Services, on a constant currency basis, revenues are £0.7m ahead of prior year. This includes a solid performance from our Dominican Republic customer together with the slight decline in US domestic revenues, as well as the revenues of the Data Tote acquisition completed last year. Total equipment sales revenues in the period were £1.9m (2013: £1.6m, constant currency basis) including the completion of our system sale to Danske Spil.

EBITDA for the division has increased by £0.4m to £3.7m (2013: £3.3m). On a constant currency basis, EBITDA in Tote Services and equipment sales has increased by £0.4m driven by cost benefits in the US, together with a £0.3m contribution from Data Tote. This business is performing in line with our expectations following acquisition. The cost actions taken in H2 2013, including consolidation of our US data centres, will deliver cost savings in H2 and beyond.

Within Digital, and at constant currency, revenues are in line with prior year. Cost management actions, including the closure of the San Diego office, and the recovery of a previously written-off bad debt, has resulted in EBITDA £0.2m ahead of 2013, at £0.5m.

In June our joint venture with NYX Gaming Group, SNG Interactive, entered into an agreement to provide a new online gaming platform to the Atlantic City-based Resorts Casino Hotel. Both Sportech and NYX will invest up to $2.0m into the joint venture and it is anticipated that the gaming platform will launch by January 2015. This agreement is the first initiative in Sportech's strategic aim to develop an online gaming business across the USA as regulation permits.

Also in June, the business acquired Bump Worldwide Inc. ("Bump") for £0.1m upfront with a contingent earn-out payment based upon 2016 operating performance. Bump is a provider of electronic charitable raffles conducted during professional sporting events, known as "50:50 raffles" and its customers are the charitable foundations of US professional sports teams across the NHL, NBA, NFL, MLS and NASCAR. It is a growing business that will benefit from the greater sales and technology resources available following its acquisition by Sportech.

Sportech Venues

	Revenue		**EBITDA**	
£m	**2014 H1**	2013 H1	**2014 H1**	2013 H1
Venues – Connecticut*	**14.2**	13.6	**1.9**	2.5
Venues – Other*	**2.7**	2.7	**0.1**	0.1
FX effect	**–**	1.2	**–**	0.2
Total	**16.9**	17.5	**2.0**	2.8

*2013 numbers are in constant currency, translated using 2014 exchange rates.

Connecticut

In the state of Connecticut, Sportech Venues operates all betting on horseracing under an exclusive and in perpetuity licence for retail, telephone and internet.

The business was impacted by the severe weather at the start of the period which closed many of our venues on certain days and impacted the racing programme in North East USA. This year there was 280 race cancellations in the six months to 30 June 2014 compared to 81 in same period of the prior year. At constant currency amounts wagered in the first half were in line with prior year with the weather impact and the loss of certain VIP customers along with the continued decline of telephone wagering being partially offset by growth in internet revenues. The business did benefit from strong interest in the key Triple Crown racedays where handle reached record levels.

Connecticut revenues have increased by £0.6m compared to prior year. At constant currency, wagering revenues in Connecticut were in line with 2013 with the entire increase of £0.6m due to food and beverage sales in the period at Bobby V's restaurant and sports bar in Bradley. This facility opened on 2 February 2014 and has made an encouraging start with positive customer feedback. It draws large crowds for major sporting events and further revenue growth is expected in H2, particularly as the NFL season commences.

EBITDA at constant currency has declined by £0.6m impacted by an increase in content costs of £0.2m, driven by increased rates and change in handle mix in the period, increased utilities and other costs of £0.2m together with £0.2m of start-up losses incurred at Bobby V's sports bar.

During the period we launched Connecticut's only legal online horserace betting platform, MyWinners.com, which generated over £2.0m of handle. A new mobile wagering app has just been launched and further product enhancements are scheduled for H2. In May, formal cease and desist letters were issued by the Connecticut authorities to other online operators in the State. The Connecticut authorities have indicated their desire to ensure that all operators comply with these cease and desist requests.

In June we received regulatory approval to build and open a flagship sports bar, restaurant and betting venue in downtown Stamford. Stamford has no existing betting venue and has a population of more than 120,000 including a thriving financial district. Detailed construction plans and the related capital requirements are currently being prepared with the venue expected to open in Summer 2015.

Other Venues

In California, we will open our first betting and dining venue later this year at Norco under the brand name "Striders". We also obtained all necessary regulatory approvals to open a sports bar, restaurant and betting venue in the heart of downtown San Diego. This is expected to open in early 2015. Furthermore, we also supply seven facilities with betting services, whose overall handle is up by 28% following opening three additional facilities. Although currently a small revenue stream, these venues are performing well generating revenues of £0.2m (2013: £0.1m) in the half year.

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 has been extended until December 2016. At present, the Government has provided very little detail regarding its plans for new offline regulation, other than taxing offline gambling on a different and more punitive basis than online. We continue to work closely with the Government, the regulator and the horseracing industry to inform their planning and monitor developments as they arise.

Football Pools

The strategy of the Pools business is to stabilise then grow revenues through improved customer retention, increased spend per head from core customers, recruitment of new players and the conversion of existing legacy paper players to direct debit and online channels. To support delivery of this strategy, the business is consolidating its customers into a single database, enabling greater cross-sell opportunities and a lower and more agile operating cost base.

Revenues for the period were £19.3m (2013: £20.0m), reflecting a stabilisation of Direct revenues at £13.4m (2013: £13.4m), slight growth of £0.2m in Online and the anticipated reduction of revenues from the Collector Channel of £0.9m to £3.7m. Classic Pools average weekly customer spend has risen to £2.76 (2013: £2.61) driven by an increased number of games and a reduction of discounted entries following the consolidation of customers to a single database. Classic Pools customer numbers at this seasonally low point of the year have reduced by 26,000 to 298,000 (31 December 2013: 324,000), of which 14,000 occurred as expected in the declining Collector Channel. 80% of our Classic Pools customers are now in our significantly more robust Direct Channel. During the period we recruited 11,000 new customers into this channel.

During H2, we will launch our new website on the NYX platform to offer greater content, flexibility and CRM to drive new customer acquisition.

Corporate costs

Corporate costs of £1.9m (2013: £1.8m) have been tightly controlled. In addition, we also have a non-cash share option expense under IFRS 2 of £1.0m (2013: £1.0m).

Capital expenditure

Capital expenditure in the period was £5.4m (2013: £4.3m). Final work on the Bradley sports bar in Connecticut was completed, initial design work was undertaken on the Stamford venue, Football Pools and Sportech Racing software investment has continued and new contract spend for Meadowlands and Penn National Gaming was delivered. Construction and fit-out work will commence in H2 at our two California sports bar venues as well as investment in our core software across the Group continuing.

Depreciation and amortisation

The Group's normal depreciation and amortisation charge increased slightly in the period to £2.9m (2013: £2.8m) principally due to the ongoing capital expenditure in our businesses in US. In addition, the Group incurred a non-cash amortisation charge of £3.5m (2013: £3.5m) on the intangible assets acquired with Vernons in 2007, eBet in 2012 and Data Tote in 2013. The Vernons charge was an annual £6.0m until June 2014; the intangibles have therefore now been fully amortised.

Exceptional costs

The Group has incurred exceptional costs of £0.7m (2013: £1.0m) in the six-month period. These costs include restructuring and office closure costs. The costs disclosed as exceptional are consistent with the type of cost disclosed as exceptional in prior periods (note 5).

Exceptional income

In June 2014, HMRC repaid the Group £93.0m, representing £41.0m of VAT and £52.0m in simple interest. The cash has been accounted for as a gain in the income statement (net of expected costs), given management's expectation that the Group will ultimately be successful in retaining the refund. The cash and any applicable interest will need to be repaid to HMRC should the verdict of the First-tier Tax Tribunal be reversed.

Net finance costs

The Group has incurred net interest payments in the period of £1.8m (2013: £2.1m). In addition, other finance charges amounted to £1.3m (2013: income of £0.6m), primarily being the costs of refinancing (£1.4m) net of fair value movement on interest rate swaps, both of which are disclosed as exceptional costs/income.

Taxation

A tax charge for the period of £18.8m (2013: £0.6m) has been provided at the expected weighted average annual tax rate for the Group of 21.4% (2013: 29.1%). The Group has a net deferred tax asset of £0.6m (31 December 2013: £0.7m), representing primarily foreign taxes withheld which can be utilised against future profits and deferred tax provided on interest rate swap liabilities. Tax payments of £0.6m were made during the period (2013: £0.9m), principally representing final payments for prior year tax liabilities and overseas tax deducted at source.

Net bank debt

The Group refinanced its debt facility in May 2014 and now has an £80m revolving credit facility until August 2018, representing an increased facility on improved terms. We remain with the same banking syndicate of Royal Bank of Scotland Plc, Barclays plc and Lloyds Bank plc. Excluding the receipt of £93.0m from HMRC, adjusted net bank debt has increased by £3.3m in the six-month period to £66.7m (31 December 2013: £63.4m), reflecting continuing investment in the assets of the Group together with the refinancing cost. The Group's bank leverage ratio for covenant testing purposes (Adjusted net bank debt/Adjusted EBITDA) was 2.65x as at 30 June 2014 (31 December 2013: 2.41x).

Total shareholders' equity and the Group's net assets have increased to £208.0m (30 June 2013: £139.3m).

Dividend

No dividend is proposed. The Board considers the Group's investment plans, financial position and business performance in determining when to commence payment of a maiden dividend.

Board and employees

Sportech is a growing international business and places significant demands upon executives and employees. The Board would like to thank them for their continued dedication and commitment to the business.

Ian Penrose
Chief Executive

21 August 2014

Interim consolidated income statement
For the six months ended 30 June 2014

	Note	**Six months ended 30 June 2014 (Unaudited) £m**	Restated Six months ended 30 June 2013 (Unaudited) £m	Year ended 31 December 2013 (Audited) £m
Continuing operations				
Revenue	4	**52.6**	54.4	110.3
Cost of sales		**(29.2)**	(30.4)	(61.2)
Gross profit		**23.4**	24.0	49.1
Distribution costs		**(0.3)**	(0.4)	(1.1)
Administrative expenses		**(19.2)**	(19.4)	(39.1)
Operating income		**35.1**	—	—
EBITDA before exceptional costs and share option expense		**12.0**	12.5	26.0
Share option expense		**(1.0)**	(1.0)	(1.5)
Depreciation and amortisation (excluding amortisation of acquired intangibles)		**(2.9)**	(2.8)	(5.7)
Amortisation of acquired intangibles		**(3.5)**	(3.5)	(7.2)
Exceptional income	5	**35.1**	—	—
Exceptional costs	5	**(0.7)**	(1.0)	(2.7)
Operating profit	4	**39.0**	4.2	8.9
Finance charges	6	**(1.8)**	(2.1)	(4.3)
Exceptional finance income	6	**52.0**	—	—
Other finance (charges)/income	6	**(1.3)**	0.6	0.8
Net finance income/(charges)	6	**48.9**	(1.5)	(3.5)
Share of loss after tax of joint ventures	10	**(0.1)**	(0.1)	(0.2)
Profit before taxation		**87.8**	2.6	5.2
Adjusted profit before taxation *		**6.3**	6.6	14.5
Taxation	7	**(0.1)**	(0.6)	(1.9)
Taxation on exceptional net income	7	**(18.7)**	—	—
Total taxation	7	**(18.8)**	(0.6)	(1.9)
Profit for the period from continuing operations		**69.0**	2.0	3.3
Profit for the period from discontinued operations		**—**	(0.7)	0.1
Profit for the period		**69.0**	1.3	3.4
Earnings per share attributable to owners of the Parent during the period				
Basic earnings per share:				
From continuing operations	8	**33.7p**	1.1p	1.7p
From discontinued operations	8	**—**	(0.4)p	—
From profit for the period	8	**33.7p**	0.7p	1.7p
Diluted earnings per share:				
From continuing operations	8	**32.2p**	1.0p	1.6p
From discontinued operations	8	**—**	(0.4)p	—
From profit for the period	8	**32.2p**	0.6p	1.6p
Adjusted earnings from continuing operations per share attributable to owners of the Parent during the period				
Basic	8	**2.4p**	2.5p	5.3p
Diluted	8	**2.3p**	2.4p	4.9p

* Adjusted profit before taxation is profit from continuing operations before taxation, amortisation of acquired intangibles, exceptional costs and income, share of loss after tax of joint ventures and other finance (charges)/income.

Comparatives have been restated to exclude the results of discontinued operations.

Interim consolidated statement of comprehensive income
For the six months ended 30 June 2014

	Six months ended 30 June 2014 (Unaudited) £m	Six months ended 30 June 2013 (Unaudited) £m	Year ended 31 December 2013 (Audited) £m
Profit for the period	**69.0**	1.3	3.4
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Actuarial gain on retirement benefit obligations	**—**	—	0.3
Deferred tax on movement on retirement benefit obligations	**—**	—	(0.1)
	—	—	0.2
Items that may be subsequently reclassified to profit and loss			
Currency translation differences	**(1.3)**	1.6	(0.7)
Other comprehensive (expense)/income for the period, net of tax	**(1.3)**	1.6	(0.5)
Total comprehensive income for the period	**67.7**	2.9	2.9
Attributable to the owners of the Parent arises from:			
– Continuing operations	**67.7**	3.6	2.8
– Discontinued operations	**—**	(0.7)	0.1
	67.7	2.9	2.9

Interim consolidated statement of changes in equity
For the six months ended 30 June 2014

		Other reserves				
	Ordinary shares £m	Share option reserve £m	Pension reserve £m	Currency translation reserve £m	Retained earnings £m	Total £m
At 1 January 2014 (audited)	102.4	2.2	(0.3)	(1.5)	36.9	139.7
Comprehensive income						
Profit for the period	—	—	—	—	69.0	69.0
Other comprehensive (expense)/income						
Currency translation differences	—	—	—	(1.3)	—	(1.3)
Total other comprehensive expense	—	—	—	(1.3)	—	(1.3)
Total comprehensive (expense)/income	—	—	—	(1.3)	69.0	67.7
Transactions with owners						
Share option credit	—	1.0	—	—	—	1.0
Employment taxes paid on vestings in the year	—	(0.4)	—	—	—	(0.4)
Shares issued in relation to PSP	0.1	(0.1)	—	—	—	—
At 30 June 2014 (unaudited)	**102.5**	**2.7**	**(0.3)**	**(2.8)**	**105.9**	**208.0**

		Other reserves				
	Ordinary shares £m	Share option reserve £m	Pension reserve £m	Currency translation reserve £m	Retained earnings £m	Total £m
At 1 January 2013 (audited)	99.4	3.8	(0.5)	(0.8)	33.5	135.4
Comprehensive income						
Profit for the period	—	—	—	—	1.3	1.3
Other comprehensive income						
Currency translation differences	—	—	—	1.6	—	1.6
Total other comprehensive income	—	—	—	1.6	—	1.6
Total comprehensive income	—	—	—	1.6	1.3	2.9
Transactions with owners						
Share option credit	—	1.0	—	—	—	1.0
At 30 June 2013 (unaudited)	99.4	4.8	(0.5)	0.8	34.8	139.3

		Other reserves				
	Ordinary shares £m	Share option reserve £m	Pension reserve £m	Currency translation reserve £m	Retained earnings £m	Total £m
At 1 January 2013 (audited)	99.4	3.8	(0.5)	(0.8)	33.5	135.4
Comprehensive income						
Profit for the year	—	—	—	—	3.4	3.4
Other comprehensive income						
Actuarial gain on retirement benefit obligations *	—	—	0.2	—	—	0.2
Currency translation differences	—	—	—	(0.7)	—	(0.7)
Total other comprehensive income/(expense)	—	—	0.2	(0.7)	—	(0.5)
Total comprehensive income/(expense)	—	—	0.2	(0.7)	3.4	2.9
Transactions with owners						
Share option credit	—	1.5	—	—	—	1.5
Employment taxes paid on vestings in the year	—	(0.1)	—	—	—	(0.1)
Shares issued in relation to PSP	3.0	(3.0)	—	—	—	—
At 31 December 2013 (audited)	102.4	2.2	(0.3)	(1.5)	36.9	139.7

* Net of deferred tax.

Interim consolidated balance sheet
As at 30 June 2014

	Note	**As at 30 June 2014 (Unaudited) £m**	Restated As at 30 June 2013 (Unaudited) £m	As at 31 December 2013 (Audited) £m
ASSETS				
Non-current assets				
Goodwill		**153.1**	153.1	153.1
Intangible fixed assets	9	**42.3**	47.1	42.7
Property, plant and equipment	9	**20.1**	16.4	21.6
Net investment in joint ventures	10	**0.7**	0.5	0.5
Trade and other receivables		**1.3**	—	0.3
Deferred tax assets		**1.4**	1.6	1.8
		218.9	218.7	220.0
Current assets				
Trade and other receivables		**9.9**	10.4	9.0
Inventories		**1.6**	1.9	1.5
Cash and cash equivalents	11	**26.3**	3.3	2.6
		37.8	15.6	13.1
TOTAL ASSETS		**256.7**	234.3	233.1
LIABILITIES				
Current liabilities				
Derivative financial instruments		**(0.8)**	(1.6)	(1.3)
Financial liabilities	13	**(0.7)**	(6.7)	(0.7)
Trade and other payables		**(25.2)**	(22.2)	(21.1)
Provisions	12	**(0.2)**	(0.2)	(0.2)
Current tax liabilities		**(18.7)**	(0.6)	(0.7)
		(45.6)	(31.3)	(24.0)
Net current liabilities		**(7.8)**	(15.7)	(10.9)
Non-current liabilities				
Financial liabilities	13	**(0.6)**	(61.6)	(66.6)
Retirement benefit liability		**(1.3)**	(1.5)	(1.3)
Provisions	12	**(0.4)**	(0.6)	(0.4)
Deferred tax liabilities		**(0.8)**	—	(1.1)
		(3.1)	(63.7)	(69.4)
TOTAL LIABILITIES		**(48.7)**	(95.0)	(93.4)
NET ASSETS		**208.0**	139.3	139.7
EQUITY				
Ordinary shares		**102.5**	99.4	102.4
Other reserves		**(0.4)**	5.1	0.4
Retained earnings		**105.9**	34.8	36.9
TOTAL EQUITY		**208.0**	139.3	139.7

Comparatives have been restated for the revision of the estimated contingent consideration payable for eBet Online Inc.

Interim consolidated statement of cash flows
For the six months ended 30 June 2014

	Note	**Six months ended 30 June 2014 (Unaudited) £m**	Six months ended 30 June 2013 (Unaudited) £m	Year ended 31 December 2013 (Audited) £m
Cash flows from operating activities				
Cash generated from operations	15	**7.8**	8.5	24.4
Interest paid		**(2.2)**	(2.1)	(4.3)
Exceptional interest income		**52.0**	—	—
Tax paid		**(0.6)**	(0.9)	(1.7)
Net cash generated from operating activities before cash exceptional income/(costs)		**57.0**	5.5	18.4
Cash exceptional income		**41.0**	—	—
Cash exceptional costs		**(0.7)**	(1.0)	(2.7)
Net cash generated from operating activities		**97.3**	4.5	15.7
Cash flows from investing activities				
Investment in joint ventures	10	**(0.3)**	(0.1)	(0.2)
Acquisition of Bump Worldwide Inc. net of cash acquired	16	**(0.1)**	—	—
Acquisition of Datatote (England) Limited net of cash acquired		**—**	—	(2.4)
Payment of deferred consideration for Sportech Racing		**—**	—	(6.5)
Payment of deferred consideration for eBet Online Inc.		**—**	—	(0.3)
Purchase of intangible fixed assets	9	**(2.4)**	(3.5)	(3.8)
Purchase of property, plant and equipment	9	**(3.0)**	(0.8)	(8.8)
Net cash used in investing activities		**(5.8)**	(4.4)	(22.0)
Cash flows from financing activities				
Refinancing fee paid – exceptional cost	6	**(1.4)**	—	—
Net cash (outflow)/inflow from (repayment)/drawdown of borrowings	13	**(66.0)**	—	6.0
Net cash (used in)/generated from financing activities		**(67.4)**	—	6.0
Net increase/(decrease) in cash and cash equivalents		**24.1**	0.1	(0.3)
Cash and cash equivalents at the beginning of the period		**2.6**	2.9	2.9
Exchange (loss)/gain on cash and cash equivalents		**(0.4)**	0.3	—
Cash and cash equivalents at the end of the period	11	**26.3**	3.3	2.6

Reconciliation of net bank debt				
Increase/(decrease) in cash in the period		**23.7**	0.4	(0.3)
Net cash outflow/(inflow) from repayment/(drawdown) of borrowings	13	**66.0**	—	(6.0)
Movement in net bank debt for the period		**89.7**	0.4	(6.3)
At the beginning of the period		**(63.4)**	(57.1)	(57.1)
At the end of the period		**26.3**	(56.7)	(63.4)

Net bank debt comprises:				
Cash and cash equivalents	11	**26.3**	3.3	2.6
Loans repayable after one year	13	**—**	(60.0)	(66.0)
At the end of the period		**26.3**	(56.7)	(63.4)
Exceptional cash inflow from VAT repayment		**(93.0)**	—	—
Net bank debt excluding VAT repayment		**(66.7)**	(56.7)	(63.4)

Notes to the consolidated interim financial statements
For the six months ended 30 June 2014

1. General information

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 condensed consolidated interim financial statements of the Company as at and for the period ended 30 June 2014 comprise the Company, its subsidiaries and joint ventures (together referred to as the "Group"). The principal activities of the Group are sports betting, entertainment and wagering technology solutions.

The condensed consolidated interim financial statements were approved for issue on 21 August 2014.

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2013 were approved by the Board of Directors on 5 March 2014 and delivered to the Registrar of Companies. The Report of the Auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

These condensed consolidated interim financial statements have not been reviewed or audited.

2. Basis of preparation

a. These condensed consolidated interim financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34 'Interim Financial Reporting' as adopted by the European Union. They do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2013 which have been prepared in accordance with IFRSs as adopted by the European Union.

b. The Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing these condensed consolidated interim financial statements. In assessing the going concern basis, the Directors considered the Group's business activities, the financial position of the Group, its banking facilities and its future planned activities.

c. The preparation of interim financial statements requires management to make judgements, 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. In preparing these condensed consolidated interim financial statements, the significant judgements made by management were the same as those that applied to the consolidated financial statements for the year ended 31 December 2013 other than the additional judgement applied in relation to the accounting for the VAT refund received in the period. Judgement was applied in considering meeting the recognition criteria for recording the income in the period and also in relation to the probable level of corporation tax charge which will be payable, which has been assumed at the headline UK corporation tax rate for the period of 21.5%. In addition, costs which are expected to be incurred in achieving an ultimately successful claim "free and clear" have been accrued in the financial statements in the period, these costs have been assumed to be tax deductable for UK corporation tax purposes.

d. The principal risks and uncertainties for the Group remain the same as those detailed on pages 14 and 15 of the 2013 Sportech PLC Annual Report and Accounts, where descriptions of mitigating activities carried out by the Group are also outlined.

3. Accounting policies

The accounting policies applied in these condensed consolidated interim financial statements are consistent with those of the annual financial statements for the year ended 31 December 2013, as described in those annual financial statements except for the adoption of the new and amended standards as outlined below.

The following new standards and amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 January 2014 and have been adopted by the Group. None of these standards and interpretations has any material effect on the Group's results or net assets.

Standard or interpretation	Content	Applicable for financial year beginning on or after
IFRS 10	Consolidated Financial Statements	1 January 2014
IFRS 11	Joint arrangements	1 January 2014
IFRS 12	Disclosure of interests in other entities	1 January 2014
IAS 27R (revised 2011)	Separate financial statements	1 January 2014
IAS 28R (revised 2011)	Associates and joint ventures	1 January 2014
Amendments to IFRS 10, 11 and 12	Transition guidance	1 January 2014
Amendments to IAS 32	Financial instruments asset and liability offsetting	1 January 2014
Amendments to IAS 36	Impairment of Assets − recoverable amount disclosures	1 January 2014
Amendments to IAS 39	Financial Instruments: Recognition and Measurement − novation of derivatives and hedge accounting	1 January 2014

The following standards, amendments and interpretations that are not yet effective and have not been adopted early by the Group are as follows:

Standard or interpretation	Content	Applicable for financial year beginning on or after
Amendment to IAS 19	Defined benefit pension plans	1 January 2015
Annual improvements 2012	Various	1 January 2015
Amendment to IFRS 11	Joint arrangements − acquisition of an interest in a joint operation	1 January 2016
Amendment to IAS 16 and IAS 38	Property, plant and equipment and Intangible assets, depreciation and amortisation	1 January 2016
IFRS 14	Regulatory deferral accounts	1 January 2016
IFRS 15	Revenue from contracts with customers	1 January 2017
IFRS 9	Financial instruments − classification and measurement	1 January 2018
IFRS 9	Financial instruments − regarding general hedge accounting	1 January 2018

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 Board of Directors, which makes strategic and operational decisions.

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.

The Board of Directors assesses the performance of the operating segments based on a measure of adjusted EBITDA which excludes the effects of non-recurring expenditure such as restructuring costs and impairments of assets. 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.

	Six months ended 30 June 2014 (Unaudited)					
	Football Pools £m	Racing and Digital £m	Venues £m	Corporate costs £m	Inter-segment elimination £m	Group £m
Revenue from sale of goods	**19.3**	**1.9**	**—**	**—**	**—**	**21.2**
Revenue from rendering of services	**—**	**15.0**	**16.9**	**—**	**(0.5)**	**31.4**
Total revenue	**19.3**	**16.9**	**16.9**	**—**	**(0.5)**	**52.6**
EBITDA before exceptional costs and share option expense	**8.2**	**3.7**	**2.0**	**(1.9)**	**—**	**12.0**
Share option expense	**—**	**—**	**—**	**(1.0)**	**—**	**(1.0)**
Depreciation and amortisation (excluding amortisation of acquired intangibles)	**(0.7)**	**(1.6)**	**(0.6)**	**—**	**—**	**(2.9)**
Segment result before amortisation of acquired intangibles and exceptional costs	**7.5**	**2.1**	**1.4**	**(2.9)**	**—**	**8.1**
Amortisation of acquired intangibles	**(2.7)**	**(0.8)**	**—**	**—**	**—**	**(3.5)**
Exceptional income	**35.1**	**—**	**—**	**—**	**—**	**35.1**
Exceptional costs	**—**	**(0.5)**	**—**	**(0.2)**	**—**	**(0.7)**
Operating profit/(loss)	**39.9**	**0.8**	**1.4**	**(3.1)**	**—**	**39.0**
Net finance income						**48.9**
Share of loss after tax of joint ventures						**(0.1)**
Profit before taxation						**87.8**
Taxation						**(18.8)**
Profit for the period						**69.0**

	Six months ended 30 June 2013 (Restated, unaudited)					
	Football Pools £m	Racing and Digital £m	Venues £m	Corporate costs £m	Inter-segment elimination £m	Group £m
Revenue from sale of goods	20.0	1.7	—	—	(0.1)	21.6
Revenue from rendering of services	—	15.8	17.5	—	(0.5)	32.8
Total revenue	20.0	17.5	17.5	—	(0.6)	54.4
EBITDA before exceptional costs and share option expense	8.2	3.3	2.8	(1.7)	(0.1)	12.5
Share option expense	—	—	—	(1.0)	—	(1.0)
Depreciation and amortisation (excluding amortisation of acquired intangibles)	(0.7)	(1.4)	(0.7)	—	—	(2.8)
Segment result before amortisation of acquired intangibles and exceptional costs	7.5	1.9	2.1	(2.7)	(0.1)	8.7
Amortisation of acquired intangibles	(3.0)	(0.5)	—	—	—	(3.5)
Exceptional costs	(0.2)	(0.3)	—	(0.5)	—	(1.0)
Operating profit/(loss)	4.3	1.1	2.1	(3.2)	(0.1)	4.2
Net finance costs						(1.5)
Share of loss after tax of joint venture						(0.1)
Profit before taxation						2.6
Taxation						(0.6)
Profit for the period from continuing operations						2.0
Loss for the period from discontinued operations						(0.7)
Profit for the period						1.3

Comparatives have been restated to exclude the results of discontinued operations.

	Year ended 31 December 2013 (Audited)					
	Football Pools £m	Racing and Digital £m	Venues £m	Corporate costs £m	Inter-segment elimination £m	Group £m
Revenue from sale of goods	41.3	4.1	—	—	(0.1)	45.3
Revenue from rendering of services	—	31.8	34.1	—	(0.9)	65.0
Total revenue	41.3	35.9	34.1	—	(1.0)	110.3
EBITDA before exceptional costs and share option expense	17.4	7.7	4.8	(3.8)	(0.1)	26.0
Share option expense	—	—	—	(1.5)	—	(1.5)
Depreciation and amortisation (excluding amortisation of acquired intangibles)	(1.4)	(2.9)	(1.4)	—	—	(5.7)
Segment result before amortisation of acquired intangibles and exceptional costs	16.0	4.8	3.4	(5.3)	(0.1)	18.8
Amortisation of acquired intangibles	(5.9)	(1.3)	—	—	—	(7.2)
Exceptional costs	(0.4)	(0.6)	(0.3)	(1.4)	—	(2.7)
Operating profit/(loss)	9.7	2.9	3.1	(6.7)	(0.1)	8.9
Net finance costs						(3.5)
Share of loss after tax of joint ventures						(0.2)
Profit before taxation						5.2
Taxation						(1.9)
Profit for the year from continuing operations						3.3
Profit for the year from discontinued operations						0.1
Profit for the year						3.4

5. Exceptional income and costs

Exceptional income of £41.0m within operating profit is a refund of VAT paid on the Spot the Ball game ("STB") from 1979 to 1996. Her Majesty's Revenue and Customers ("HMRC") repaid the VAT in June 2014 following a successful challenge at the First-tier Tax Tribunal in November 2012 which held that STB was an exempt supply and that no VAT should have been paid to HMRC over the years of operating the game. HMRC also paid to the Group simple interest of £52.0m on the principal amount, which has been disclosed as exceptional finance income (note 6). HMRC appealed the ruling of the First-tier Tax Tribunal and the appeal was heard by the Upper Tribunal in April 2014, the decision from which remains pending.

Excluding costs in relation to the VAT refund, exceptional costs of £0.7m (six months ended 30 June 2013: £1.0m; year ended 31 December 2013: £2.7m) are included within administrative expenses and exceptional costs of £0.9m (six months ended 30 June 2013: income of £0.7m; year ended 31 December 2013: income of £1.4m) are included within net finance costs in the income statement. Exceptional costs by type are as follows:

	Six months ended 30 June 2014 (Unaudited) £m	Six months ended 30 June 2013 (Unaudited) £m	Year ended 31 December 2013 (Audited) £m
Included in administrative expenses:			
Exceptional income (Spot the Ball VAT refund)	**(41.0)**	—	—
Costs accrued in relation to exceptional income	**5.9**	—	—
Redundancy and restructuring costs in respect of the rationalisation and modernisation of the business	**0.3**	0.4	1.0
Compensation for loss of office	**—**	0.3	0.3
Costs and fees in relation to Spot the Ball VAT claim	**0.1**	—	0.5
Transaction costs in respect of the acquisition of subsidiaries	**0.1**	—	0.2
Licensing costs in New Jersey in respect of the acquisition of Sportech Racing	**0.1**	0.2	0.3
IFRS 3 employment costs in relation to eBet Online Inc. and Datatote (England) Limited	**0.1**	—	0.1
Other exceptional costs	**—**	0.1	0.3
	(34.4)	1.0	2.7
Included in net finance costs:			
Refinancing fee	**1.4**	—	—
Exceptional finance income	**(52.0)**	—	—
Movements on derivative financial instruments post designation as ineffective	**(0.5)**	(0.7)	(1.4)
	(51.1)	(0.7)	(1.4)
Total exceptional (income)/costs	**(85.5)**	0.3	1.3

6. Net finance (income)/charges

	Six months ended 30 June 2014 (Unaudited) £m	Six months ended 30 June 2013 (Unaudited) £m	Year ended 31 December 2013 (Audited) £m
Interest payable on bank loans, derivative financial instruments and overdrafts	**1.8**	2.1	4.3
Refinancing fee	**1.4**	—	—
Movement on derivative financial instruments post designation as ineffective	**(0.5)**	(0.7)	(1.4)
Non-cash finance charges *	**—**	0.3	0.4
Foreign exchange loss on financial assets and liabilities denominated in foreign currency	**0.4**	0.2	0.2
Profit on foreign exchange contracts	**—**	(0.4)	—
Exceptional finance income	**(52.0)**	—	—
Net finance (income)/costs	**(48.9)**	1.5	3.5

* Non-cash finance charges are in respect of the deferred consideration payable on the acquisition of Sportech Racing in October 2010.

The refinancing fee, the fair value movements on derivative financial instruments, the foreign exchange loss on financial assets and liabilities denominated in foreign currency, the non-cash finance charges and the profit on foreign exchange contracts are all together shown as other finance charges/(income) in the income statement. Included in the above table is net exceptional income of £51.1m (six months ended 30 June 2013: £0.7m; year ended 31 December 2013: £1.4m).

7. Taxation

Taxation is provided based on management's best estimate of the expected weighted average annual taxation rate for the full year. The estimated weighted average annual tax rate for the year ended 31 December 2014 is 21.4% (2013: 29.1%).

An exceptional taxation charge of £18.8m has been recognised in the income statement in the period, being UK corporation tax at the applicable rate payable on the exceptional net income recognised of £87.1m.

8. Earnings per share

The calculation of earnings per share ("EPS") is based on the profit attributable to ordinary shareholders of £69.0m (six months ended 30 June 2013: £1.3m; year ended 31 December 2013: £3.4m) divided by the weighted average number of shares in issue during the period of 204.9m (six months ended 30 June 2013: 198.8m; year ended 31 December 2013: 200.2m).

The calculation of adjusted EPS is based on the adjusted profit after taxation attributable to ordinary shareholders of £4.9m (six months ended 30 June 2013: £4.9m (restated); year ended 31 December 2013: £10.5m) divided by the weighted average number of shares in issue during the period of 204.9m (six months ended 30 June 2013: 198.8m; year ended 31 December 2013: 200.2m). Adjusted profit after taxation is defined as profit before taxation, amortisation of acquired intangibles, exceptional costs and income, share of loss after tax of joint ventures and other finance (charges)/income, less taxation based on management's best estimate of the underlying taxation rate for the year of 23.0% (six months ended 30 June 2013: 29.1%).

The number of shares that have a dilutive effect on basic and adjusted EPS is 9.0m (six months ended 30 June 2013: 16.3m; year ended 31 December 2013: 13.2m).

9. Capital expenditure

	Property, plant and equipment and intangible fixed assets		
	Six months ended 30 June 2014 (Unaudited) £m	Six months ended 30 June 2013 (Unaudited) £m	Year ended 31 December 2013 (Audited) £m
Opening net book amount at the beginning of the period	**64.3**	63.5	63.5
Business combination	**0.3**	—	2.3
Additions	**5.4**	4.3	12.6
Disposals	**—**	—	(0.4)
Depreciation and amortisation	**(6.4)**	(6.3)	(12.9)
Cumulative exchange differences	**(1.2)**	2.0	(0.8)
Closing net book amount at the end of the period	**62.4**	63.5	64.3

10. Net investment in joint ventures

The Group has the following investments in joint ventures:

Entity name	Description	Country of incorporation	Year of investment	% holding
Sportshub Private Limited	Provides a suite of prediction and fantasy games centered on cricket, football and Formula One	India	2008	50
Picklive USA LLC	Distribution of Picklive's live fantasy sports game across the US	USA	2013	51
Sportech – NYX Gaming LLC	Provides online products and services in the US for social and play-to-play gaming	USA	2013	50
S&S Venues California LLC	Sports bars with wagering facilities in California, USA	USA	2013	50

	Six months ended 30 June 2014 (Unaudited) £m	Six months ended 30 June 2013 (Unaudited) £m	Year ended 31 December 2013 (Audited) £m
Opening net investment	**0.5**	0.5	0.5
Additions	**0.3**	0.1	0.2
Share of loss after tax	**(0.1)**	(0.1)	(0.2)
Closing net investment	**0.7**	0.5	0.5

The Group's share of the results in its joint ventures, which are unlisted, and its share of the aggregated assets and liabilities are as follows:

	Six months ended 30 June 2014 (Unaudited) £m	Six months ended 30 June 2013 (Unaudited) £m	Year ended 31 December 2013 (Audited) £m
Non-current assets	**0.1**	0.1	0.1
Current assets	**0.2**	—	0.1
Total assets	**0.3**	0.1	0.2
Current liabilities	**(0.3)**	(0.3)	—
Net (liabilities)/assets	**—**	(0.2)	0.2
Total revenue	**—**	—	—
Expenses	**(0.1)**	(0.1)	(0.2)

The Group's share of capital commitments amounted to £nil (30 June 2013: £nil; 31 December 2013: £nil).

11. Cash and cash equivalents

	As at 30 June 2014 (Unaudited) £m	As at 30 June 2013 (Unaudited) £m	As at 31 December 2013 (Audited) £m
Cash balances	**26.3**	3.3	2.6

12. Provisions

	Onerous contracts £m	**Other provisions £m**	**Total £m**
At 1 January 2014 (audited) and at 30 June 2014 (unaudited)	**0.3**	**0.3**	**0.6**

	Onerous contracts £m	Other provisions £m	Total £m
At 1 January 2013 (audited) and at 30 June 2013 (unaudited)	0.4	0.4	0.8

	Onerous contracts £m	Other provisions £m	Total £m
At 1 January 2013 (audited)	0.4	0.4	0.8
Utilised during the period	(0.1)	(0.1)	(0.2)
At 31 December 2013 (audited)	0.3	0.3	0.6

Provisions have been recognised where the Group has contractual obligations to provide services where the estimated unavoidable costs to carry out the obligation exceed the expected future economic benefits to be received. Other provisions include provisions for obligations to reinstate property to its original condition at the start of the lease term. Of the provisions included in the above tables, £0.2m are expected to be utilised within twelve months (30 June 2013: £0.2m; 31 December 2013: £0.2m) and £0.4m (30 June 2013: £0.6m; 31 December 2013: £0.4m) are expected to be utilised after twelve months.

13. Financial liabilities

	As at 30 June 2014 (Unaudited) £m	Restated As at 30 June 2013 (Unaudited) £m	As at 31 December 2013 (Audited) £m
Current			
Deferred consideration due within one year	**0.7**	6.7	0.7
Total current financial liabilities	**0.7**	6.7	0.7
Non-current			
Drawn revolving credit facility due after one year	**—**	60.0	66.0
Deferred consideration due after one year	**0.6**	1.6	0.6
Total non-current financial liabilities	**0.6**	61.6	66.6
Total financial liabilities	**1.3**	68.3	67.3

At the balance sheet date, the Group’s multi-currency, revolving credit facility bore interest based on LIBOR plus a bank margin of 2.00% following the repayment of all drawings using the VAT repayment proceeds, given no loans are drawn the Group is paying 40% of margin as a commitment fee on the facility. From the prior year end to the date of refinancing (12 May 2014), the facility bore interest based on LIBOR plus a bank margin of 3.50% and from refinancing date to prior to receiving the repayment, the Group’s facility bore interest based on LIBOR plus a bank margin of 3.00%.

Following refinancing on 12 May 2014, the borrowings are secured by a composite debenture incorporating fixed and floating charges over all assets (excluding monies standing to credit of trust accounts) and undertakings of Sportech PLC, all UK trading companies, UK holding companies of overseas entities and Racing Technology Ireland Limited. In addition, share charges have been entered into in respect of shares in Racing Technology Ireland Limited, Sportech Inc., Sportech Venues Inc., Sportech Racing LLC, Trackplay LLC and eBet Technologies Inc. (all five are American companies).

The carrying amounts of borrowings are not materially different from their fair values as market rates of interest are charged.

eBet deferred and contingent consideration

Deferred and contingent consideration in relation to the acquisition of eBet on 19 December 2012 is payable as follows:

The deferred consideration of $1.1m is payable on the second anniversary of the acquisition and accrues simple interest at 2% and the total amount payable has been discounted to its present value.

In addition, there is potential for contingent consideration of up to $1.8m to be payable if the combined US business' EBITDA (of Interactive Products and Services) for the year ended 31 December 2015 reaches the following:

- less than $3.5m – the contingent consideration payable will equal $nil; and
- equal or greater than $3.5m – the contingent consideration payable will equal $0.8m plus $0.40 for every $1 that the combined US business of Interactive Products and Services exceeds $3.5m, up to a maximum amount payable of $1.8m.

The amount payable is due to be paid in early 2016.

The Directors continue to believe that, based on the above performance requirements, contingent consideration with fair value of £0.5m ($0.9m) will be payable. An additional £0.2m ($0.3m) of potential consideration payable has been treated as employment costs under IFRS 3 'Business Combinations' (revised) and will accordingly be accrued on a time appointed basis to 31 December 2015.

Data Tote contingent consideration

There is potential for contingent consideration on the acquisition of Datatote (England) Limited in September 2013 of up to £1.0m to be payable if the Data Tote business' EBITDA for the period from 1 July 2013 to 30 June 2016 reaches the following:

- less than £2.0m – the contingent consideration payable will equal £nil; and
- equal or greater than £2.0m – the contingent consideration payable will equal £0.5m plus £1.00 for every £1.00 that the Data Tote business exceeds £2.0m by, up to a maximum amount payable of £1.0m.

The amount payable is due five business days after the date on which the calculation of the earn out EBITDA becomes final and binding.

The Directors continue to believe the potential consideration payable has a fair value of £0.1m, representing the present value of the Group's estimate of the probability weighted cash outflow (discounted at 8.3%). An additional £0.9m of potential consideration payable has been treated as employment costs under IFRS 3 'Business Combinations' (revised) and will accordingly be accrued on a time appointed basis to 30 June 2016.

14. Contingent liability and contingent asset

Contingent liability

Operating income of £41.0m, against which costs of £5.9m have been accrued, and interest income of £52.0m have been recognised in the period to 30 June 2014 following the receipt of payment of £93.0m from HMRC in relation to the VAT Spot the Ball claim. The claim is under appeal and should HMRC be ultimately successful in their appeal the funds plus interest will be required to be repaid within 30 days of a decision in HMRC's favour being received. All costs are contingent on the successful outcome in Sportech's favour of the claim and as such, should Sportech ultimately lose the claim, the costs accrued will be derecognised from the income statement. Should the funds be repaid then there will be no corporation tax liability to the Group and as such the tax charge recognised in the period in relation to the gain will be derecognised.

The Directors consider that, in respect of the contingent liability disclosed above, it is more likely than not that no outflow will arise.

Contingent asset
The Group's total claim for overpaid VAT in relation to the Spot the Ball game is for £96.0m. £3.0m of this amount will be repaid by HMRC on final determination of the claim in the Group's favour. As such the amount has not been recognised in the financial statements; costs and taxation will be payable on receipt of such funds and will be charged to the income statement when the gain is recorded.

15. Cash flow from operating activities

Reconciliation of profit before taxation to cash flows from operating activities

	Six months ended 30 June 2014 (Unaudited) £m	Six months ended 30 June 2013 (Unaudited) £m	Year ended 31 December 2013 (Audited) £m
Profit before taxation	**87.8**	1.9	5.3
Adjustments for:			
Exceptional costs	**0.7**	1.0	2.7
Exceptional income	**(35.1)**	—	—
Share of loss after tax of joint ventures	**0.1**	0.1	0.2
Depreciation	**1.4**	1.4	3.2
Loss on disposal of PPE	**—**	—	0.1
Loss on disposal of intangible assets	**—**	—	0.3
Amortisation of acquired intangibles	**3.5**	3.5	7.2
Amortisation of other intangibles	**1.5**	1.4	2.5
Finance charges	**1.8**	2.1	4.3
Exceptional finance income	**(52.0)**	—	—
Other finance charges/(income)	**1.3**	(0.6)	(0.8)
Share option expense	**1.0**	1.0	1.5
Movement in retirement benefit obligations	**—**	—	0.2
Movement in provisions	**—**	—	(0.2)
Changes in working capital:			
Increase in trade and other receivables	**(1.9)**	(2.4)	(0.4)
(Increase)/decrease in inventories	**(0.1)**	(0.3)	0.2
Decrease in trade and other payables	**(2.2)**	(0.6)	(1.9)
Cash flows from operating activities	**7.8**	8.5	24.4

Non-cash transactions

There were no significant non-cash transactions during the period (six months to 30 June 2013: £nil; year ended 31 December 2013: £nil).

16. Business combination of 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".

The acquisition of Bump enhances Sportech's contacts with sports clubs in the US and Canada and is complimentary to the gaming suite Sportech now offers to the sports and casino industries. Bump has licence agreements with the charitable foundations of twelve professional sports teams in the NHL, NBA, NFL, MLS and NASCAR and is growing its customer list. The business is currently break-even but is forecast to grow as new sports teams are signed up.

Goodwill arising on the acquisition amounted to £nil.

The following table summarises the fair value of consideration paid for Bump and the amounts of the assets acquired and liabilities assumed recognised at acquisition date.

Provisional fair value of consideration at 12 June 2014	£m
Cash	0.1
Total fair value of consideration transferred	**0.1**

Recognised provisional fair value amounts of identifiable assets acquired and liabilities assumed	£m
Intangible assets – software and customer contracts and relationships	0.3
Trade and other payables	(0.2)
Total identifiable net assets	**0.1**
Goodwill	**—**
Total fair value of consideration transferred	**0.1**

Deferred contingent consideration

There is potential for contingent consideration of up to £0.8m (CAD 1.5m – Part A) and up to £4.7m (CAD 8.5m – Part B) to be payable as follows:

Part A

- if EBITDA for the year ended 31 December 2016 is less than CAD 1.5m – the contingent consideration payable for Part A will equal £nil; and
- if EBITDA for the year ended 31 December 2016 is equal or greater than CAD 1.5m – the contingent consideration payable will equal CAD 1.00 for every CAD 1.00 that the Bump business exceeds CAD 1.5m by, up to a maximum amount payable of CAD 1.5m.

Part B

- the contingent consideration payable for Part B will be equal to the EBITDA for the year ended 31 December 2016 up to a maximum of CAD 8.5m.

The amount payable is due 40 days after the signing of Sportech PLC's audited accounts for the year ended 31 December 2016.

The potential consideration payable has been treated as employment costs under IFRS 3 'Business Combinations' (revised) and will accordingly be accrued on a time appointed basis to 31 December 2016. This expectation will be reviewed annually in accordance with IFRS 3 'Business Combinations' (revised). An accrual of £nil has been recognised on the Group's balance sheet at 30 June 2014.

Acquisition costs

Acquisition-related costs amounting to £0.1m have been recognised as an expense in the consolidated income statement as an exceptional item.

Provisional fair value amounts of identifiable assets acquired and liabilities assumed

The fair values of the identifiable assets acquired and liabilities assumed are considered provisional in nature due to the business combination occurring close to the period end. Management will continue to monitor the provisional values during the year ended 31 December 2014 to ensure any fair value amendments are identified as a hindsight adjustment.

The fair value of trade and other receivables is £nil. The gross contractual amount for trade receivables due is £nil.

No contingent liabilities have been recognised as at the acquisition date.

Bump contribution to the Group results

Bump has contributed £nil and £nil to the Group's revenues and profit, respectively, from the acquisition date to 30 June 2014. Had the acquisition occurred on 1 January 2014, the Group's revenue for the period ended 30 June 2014 would have been £52.8m and the Group's profit for the year would have been £68.9m. These amounts have been determined by applying the Group's accounting policies and adjusting the results of Bump to reflect additional depreciation and amortisation that would have been charged, assuming the fair value adjustments to property, plant and equipment and intangible assets had been applied from 1 January 2014, together with their consequential tax effects.

17. Related party transactions

The extent of transactions with related parties of the Group and the nature of the relationship with them are summarised below:

a. Key management compensation is disclosed below:

	Six months ended 30 June 2014 (Unaudited) £m	Six months ended 30 June 2013 (Unaudited) £m	Year ended 31 December 2013 (Audited) £m
Short-term employee benefits	**0.9**	0.8	1.8
Termination benefits	**—**	0.2	0.1
Post-employment benefits	**—**	—	0.1
Share-based payments	**0.3**	0.5	0.8
Total	**1.2**	1.5	2.8

b. The Group invested £0.1m (six months ended 30 June 2013: £0.2m; year ended 31 December 2013: £0.3m) cash into its joint venture SportsHub Private Limited and contributed £nil (six months ended 30 June 2013: £0.1m; year ended 31 December 2013: £0.1m) to capital expenditure.

c. Scientific Games Corporation Inc. ("SGC") was a 19.99% shareholder in Sportech PLC until 9 January 2014. SGC was therefore considered to be a related party until this date, however transactions with SGC for the period it was a related party were immaterial and therefore current year disclosure is £nil.

18. Financial risk management and financial instruments

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 December 2013. There have been no changes in risk management or in any key risk management policies since the year end.

Liquidity risk

Borrowings were fully repaid in June 2014 on receipt of the VAT refund from HMRC; as such the Group is currently not exposed to liquidity risk. The Group continues to hold interest rate swaps and the contractual undiscounted cash outflows of these liabilities have not changed materially.

Fair value estimation

Current liabilities	**30 June 2014 (Unaudited) £m**	30 June 2013 (Unaudited) £m	31 December 2013 (Audited) £m
Interest rate swaps	**0.8**	1.6	1.3

The above financial instruments are carried at fair value. The level 2 valuation method is used; the valuation methods are summarised as follows:

- level 1 – quoted prices (adjusted) in active markets for identical assets or liabilities;
- level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- level 3 – inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs).

There were no transfers between levels and there were no changes in valuation techniques in the period.

The fair value of the interest rates swaps is calculated as the present value of the estimated future cash flows based on observable yield curves. The fair value calculations are prepared by an external party and reviewed by the Group Finance team.

Statement of Directors' responsibilities

The Directors confirm that these condensed consolidated interim financial statements have been prepared in accordance with IAS 34 as adopted by the European Union and that the Interim Management Report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months and any material changes in the related party transactions described in the last Annual Report and Accounts.

The Directors of Sportech PLC are listed in the Sportech PLC Annual Report and Accounts for the year ended 31 December 2013. There have been the following changes in the period:

i) the resignation of Lorne Weil on 24 April 2014; and
ii) the appointment of Rich Roberts as an Executive Director (previously a Non-executive Director) on 13 June 2014.

A list of current Directors is maintained on the Sportech PLC website: www.sportechplc.com.

By order of the Board

Ian Penrose	Cliff Baty
Chief Executive	Chief Financial Officer
21 August 2014	21 August 2014