Grant Thornton

Financial statements Laverock von Schoultz Limited

For the Year Ended 31 December 2011

Company No. 2712557

Officers and professional advisers

Company registration number	2712557
Directors	C Lantieri R S Freeman S A Ordish P M E Blyau R G De Villepin
Auditor	Grant Thornton UK LLP 1020 Eskdale Road Winnersh Wokingham Berkshire RG41 5TS
Registered Office	11-15 St Mary at Hill London EC3R 8EE

Contents

Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 December 2011

Principal activities and business review

The principal activity of the company during the year continued to be software development and computer consultancy

During the year, the £1,700,000 of deferred consideration was partially paid to S A Ordish and, at 31 December 2011, £800,000 remained payable to S A Ordish, a director of the company

2011 has turned out in line with our initial expectations, with turnover of £1,913,796, a small increase on the prior year The company continues to provide its software to La Française des Jeux, its ultimate parent company, and regular consultancy work for other clients

In 2011 new clients and opportunities have led to more diverse revenue sources, with parent company generated income decreasing from 91 9% of turnover in 2010 to 83 5% in 2011

During the financial year we have used other quieter periods to substantially improve the product following feedback from a number of clients where the software had been installed towards the end of the last financial year We are now actively pursuing sales opportunities for several other operators Overall the company made a loss before tax of £1,794,696 compared to a loss before tax of £1,383,069 in 2010

Since the year end the company has increased its development capability We have put in place a comprehensive sales strategy based around our business product and around a business diversification There are a number of promising potential sales opportunities and the directors are optimistic about the prospects for 2012

Results and dividends

The loss for the year, after taxation, amounted to £1,795,693 (2010 loss of £1,388,478) The directors have not recommended a dividend (2010 £nil)

Report of the directors

Directors

The directors who served the company during the year were as follows

C Lantieri
R S Freeman
S A Ordish
P M E Blyau
R G De Villepin

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the loss of the company for that period In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In so far as the directors are aware

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

Report of the directors

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with Section 487(2) of the Companies Act 2006 unless the company receives notice under Section 488(1) of the Companies Act 2006

ON BEHALF OF THE BOARD

S A Ordish
Director
13 July 2012

Grant Thornton

Independent auditor's report to the members of Laverock von Schoultz Limited

We have audited the financial statements of Laverock von Schoultz Limited for the year ended 31 December 2011 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditor's report to the members of Laverock von Schoultz Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

Grant Thornton UK LLP

NICHOLAS WATSON (Senior Statutory Auditor)
For and on behalf of
GRANT THORNTON UK LLP
STATUTORY AUDITOR
CHARTERED ACCOUNTANTS
READING

13 July 2012

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and on the going concern basis

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Report of the directors on pages 3 to 5 The company has sufficient financial resources, through the continuing financial support of its ultimate parent company, La Française des Jeux, together with long-term contracts with a number of customers As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its ultimate parent company, La Française des Jeux, publishes consolidated financial statements, which include a consolidated cash flow statement

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts and sales related taxes

Research and development

Expenditure on software development is capitalised if the product or process is technically and commercially feasible, the costs are separately identifiable and reliably measurable, and the company intends to complete development Capitalised development costs are stated at cost less accumulated amortisation and impairment losses

All other research and development expenditure is written off in the period in which it is incurred

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Intellectual Property Rights	- Over 7 years
Capitalised Development	- Over 7 years

The directors believe that the Intellectual Property Rights acquired have a useful economic life of 7 years This is based on knowledge of the technology used, which offers one of the most complete sportsbooks on the marketplace

Principal accounting policies

Fixed assets

All fixed assets are initially recorded at cost Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Fixtures & Fittings	-	25% reducing balance
Equipment	-	25% reducing balance

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Leased assets

Operating lease annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction Exchange differences are taken into account in arriving at the operating result

Financial instruments

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

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

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

Profit and loss account

	Note	2011 £	2010 £
Turnover	1	**1,913,796**	1,901,005
Cost of sales		**1,054,425**	1,408,540
Gross profit		**859,371**	492,465
Other operating charges	2	**2,609,879**	1,867,208
Operating loss	3	**(1,750,508)**	(1,374,743)
Interest receivable and similar income		**175**	225
Interest payable and similar charges	6	**(44,363)**	(8,551)
Loss on ordinary activities before taxation		**(1,794,696)**	(1,383,069)
Tax on loss on ordinary activities	7	**997**	5,409
Loss for the financial year	17	**(1,795,693)**	(1,388,478)

All of the activities of the company are classed as continuing

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

Balance sheet

	Note	2011 £	2010 £
Fixed assets			
Intangible assets	8	**3,065,636**	3,359,991
Tangible assets	9	**71,613**	73,002
		3,137,249	3,432,993
Current assets			
Debtors	10	**468,912**	1,011,454
Cash at bank		**130,190**	347,040
		599,102	1,358,494
Creditors: amounts falling due within one year	11	**1,703,667**	660,556
Net current assets		**(1,104,565)**	697,938
Total assets less current liabilities		**2,032,684**	4,130,931
Creditors amounts falling due after more than one year	12	**2,105,000**	1,508,551
Provisions for liabilities			
Deferred taxation	13	**7,849**	6,852
Other provisions	14	**800,000**	1,700,000
		(880,165)	915,528
Capital and reserves			
Called-up equity share capital	16	**2,000,000**	2,000,000
Profit and loss account	17	**(2,880,165)**	(1,084,472)
Shareholders' (deficit)/funds	18	**(880,165)**	915,528

These financial statements were approved by the directors and authorised for issue on 13 July 2012 and are signed on their behalf by

S.A. Ordish

S A Ordish
Director

Company Registration Number 2712557

The accompanying accounting policies and notes form an integral part of these financial statements.

Notes to the financial statements

1 Turnover

The turnover and loss before tax are attributable to the one principal activity of the company
An analysis of turnover is given below

	2011	2010
	£	£
United Kingdom	**123,200**	90,754
Europe	**1,598,533**	1,810,251
Rest of World	**192,063**	-
	1,913,796	1,901,005

2 Other operating charges

	2011	2010
	£	£
Administrative expenses	**2,609,879**	1,867,208

3 Operating loss

Operating loss is stated after charging/ (crediting)

	2011	2010
	£	£
Amortisation of intangible assets	**543,403**	396,429
Depreciation of owned fixed assets	**21,738**	18,614
Auditor's remuneration		
Audit fees	**15,000**	13,000
Net loss/(profit) on foreign currency translation	**1,388**	(60)
Pension costs	**35,000**	-
Research and development costs	**778,637**	1,230,432

4 Particulars of employees

The average number of staff employed by the company during the financial year amounted to

	2011 No	2010 No
Number of production staff	21	24
Number of distribution staff	3	4
	24	28

The aggregate payroll costs of the above were

	2011 £	2010 £
Wages and salaries	1,537,837	1,312,290
Social security costs	178,096	156,448
	1,715,933	1,468,738

5 Directors

Remuneration in respect of directors was as follows

	2011 £	2010 £
Remuneration receivable	450,495	596,012

Remuneration of highest paid director

	2011 £	2010 £
Total remuneration (excluding pension contributions)	220,381	421,525

6 Interest payable on loan from parent undertaking

	2011 £	2010 £
FDJ loan interest	44,363	8,551

7 Taxation on ordinary activities

(a) Analysis of charge in the year

	2011 £	2010 £
Current tax		
UK Corporation tax based on the results for the year at 21% (2010 - 21%)	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	997	5,409
Tax on loss on ordinary activities	997	5,409

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 21% (2010 - 21%)

	2011 £	2010 £
Loss on ordinary activities before taxation	(1,794,696)	(1,383,069)
Loss on ordinary activities by rate of tax	(376,886)	(290,444)
Expenses not deductible for tax purposes	247	3,249
Capital allowances for period in excess of depreciation	112,536	78,354
Unrelieved tax losses	264,103	208,841
Adjustments to tax charge in respect of previous periods	-	-
Total current tax (note 7(a))	-	-

8 Intangible fixed assets

	Intellectual Property Rights	Capitalised Development	Total
	£	£	£
Cost			
At 1 January 2011	3,700,000	56,420	3,756,420
Additions	-	249,047	249,047
At 31 December 2011	3,700,000	305,467	4,005,467
Amortisation			
At 1 January 2011	396,429	-	396,429
Charge for the year	528,571	14,831	543,402
At 31 December 2011	925,000	14,831	939,831
Net book value			
At 31 December 2011	**2,775,000**	**290,636**	**3,065,636**
At 31 December 2010	**3,303,571**	**56,420**	**3,359,991**

9 Tangible fixed assets

	Fixtures & Fittings	Equipment	Total
	£	£	£
Cost			
At 1 January 2011	59,687	152,705	212,392
Additions	531	19,818	20,349
At 31 December 2011	60,218	172,523	232,741
Depreciation			
At 1 January 2011	42,464	96,926	139,390
Charge for the year	4,383	17,355	21,738
At 31 December 2011	46,847	114,281	161,128
Net book value			
At 31 December 2011	**13,371**	**58,242**	**71,613**
At 31 December 2010	**17,223**	**55,779**	**73,002**

10 Debtors

	2011	2010
	£	£
Trade debtors	**100,886**	53,250
Amounts owed by group undertakings	**127,739**	782,400
Amounts owed by associated undertakings	-	38,000
Other debtors	**61,763**	51,406
Prepayments and accrued income	**178,524**	86,398
	468,912	1,011,454

11 Creditors: amounts falling due within one year

	2011	2010
	£	£
Trade creditors	**76,259**	66,330
Amounts owed to group undertakings	**968,883**	215,842
Accruals and deferred income	**529,983**	278,476
Other taxation and social security	**110,950**	64,320
Directors' current accounts	**17,592**	35,588
	1,703,667	660,556

12 Creditors: amounts falling due after more than one year

	2011	2010
	£	£
Amounts owed to group undertakings	**2,105,000**	1,508,551

13 Deferred taxation

The movement in the deferred taxation provision during the year was

	2011	2010
	£	£
Provision brought forward	**6,852**	1,443
Profit and loss account movement arising during the year	**997**	5,409
Provision carried forward	**7,849**	6,852

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2011	2010
	£	£
Excess of taxation allowances over depreciation on fixed assets	**997**	6,852

14 Other provisions

	2011 £
Deferred consideration at 1 January 2011	1,700,000
Released to the profit and loss account during the year	(900,000)
At 31 December 2011	**800,000**

The deferred consideration balance shown above is owed to S A Ordish, a director of the company

15 Related party transactions

S A Ordish, a director, provided an interest free loan to the company during the year At 31 December 2011, the amount owed to S A Ordish by the company was £17,592 (2010 £35,588)

The parent company, La Française des Jeux, provided a loan to the company during the year which attracts interest on amounts drawn down The amount owed to the parent company at 31 December 2011, including interest, was £2,105,000 (2010 £1,508,551)

The company has taken advantage of the provisions of Financial Reporting Standard No 8 "Related party transactions" from disclosing all other transactions between 100% owned group companies

16 Share capital

Authorised share capital

	2011 £	2010 £
2,000,000 Ordinary shares of £1 each	**2,000,000**	2,000,000

Allotted, called up and fully paid

	2011 No	2011 £	2010 No	2010 £
Ordinary shares of £1 each	**2,000,000**	**2,000,000**	2,000,000	2,000,000

17 Profit and loss account

	2011	2010
	£	£
Balance brought forward	**(1,084,472)**	304,006
Loss for the financial year	**(1,795,693)**	(1,388,478)
Balance carried forward	**(2,880,165)**	(1,084,472)

18 Reconciliation of movements in shareholders' funds

	2011	2010
	£	£
Loss for the financial year	**(1,795,693)**	(1,388,478)
New ordinary share capital subscribed	**-**	1,999,900
Net addition to shareholders' funds	**(1,795,693)**	611,422
Opening shareholders' funds	**915,528**	304,106
Closing shareholders' funds	**(880,165)**	915,528

19 Ultimate parent company

The immediate controlling entity, and ultimate parent entity, is La Française des Jeux, a company registered in France, which holds 100% of the company's ordinary share capital at the year end The largest and smallest group in which the results of the company are consolidated is that headed by La Française des Jeux

20 Operating lease commitments

	Land and Buildings	
	2011	2010
	£	£
Expiry date		
Within 1 year	**50,815**	-
Between 2-5 years	**-**	57,780

21 Capital commitments

At 31 December 2011 the company had capital commitments as follows

	2011	2010
	£	£
Contracted for but not provided in these financial statements	**411,337**	-