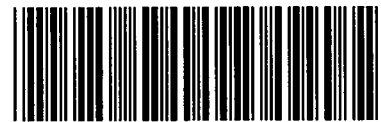


**SPORTINGBET PLC**  
**FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED**  
**31 DECEMBER 2013**

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COMPANIES HOUSE

## **Sportingbet Plc**

### **DIRECTORS AND ADVISERS**

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<b>Directors</b>	Richard Cooper (appointed 19 <sup>th</sup> March 2013) Kenneth Alexander (appointed 19 <sup>th</sup> March 2013)
<b>Registered office</b>	3 <sup>rd</sup> Floor 45 Moorfields London EC2Y 9AE
<b>Company number</b>	03534726
<b>Solicitors</b>	Addleshaw Goddard LLP Milton Gate 60 Chiswell Street London, EC1Y 4AG
<b>Statutory auditor</b>	Grant Thornton UK LLP Chartered accountants Statutory Auditor 1020 Eskdale Road Winnersh Wokingham

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**Sportingbet Plc**  
**DIRECTORS' REPORT**  
**FOR THE PERIOD ENDED 31 DECEMBER 2013**

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The Directors present their report for Sportingbet Plc and audited financial statements for the period ended 31 December 2013.

**Directors**

The Directors who held office during the year were:

K Alexander (appointed 19<sup>th</sup> March 2013)  
R Cooper (appointed 19<sup>th</sup> March 2013)  
P F Dicks (resigned 19<sup>th</sup> March 2013)  
B B Harns (resigned 19<sup>th</sup> March 2013)  
R P Macnamara (resigned 19<sup>th</sup> March 2013)  
C F Moss (resigned 19<sup>th</sup> March 2013)  
A R McIver (resigned 19<sup>th</sup> March 2013)  
M A Stevens (resigned 19<sup>th</sup> March 2013)  
J H Wilkinson (resigned 19<sup>th</sup> March 2013)

**Principal Risks and Uncertainties**

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

*Economic Risk*

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

*Competitor Risk*

The directors of the company manage competition through close attention to market research, benchmarking with competition, and recruitment of highly skilled professional staff.

*Financial Risk*

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

**Statement of Directors' responsibilities**

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

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

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

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

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

**Sportingbet Plc**  
**DIRECTORS' REPORT**  
**FOR THE PERIOD ENDED 31 DECEMBER 2013**

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In so far as each of the Directors is aware:

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

**Auditor**

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

On behalf of the Board



Richard Cooper  
Director  
1<sup>st</sup> September 2014

**Sportingbet Plc**  
**STRATEGIC REPORT OF THE DIRECTORS**  
***FOR THE PERIOD ENDED 31 DECEMBER 2013***

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The directors present their Strategic Report for the period ended 31 December 2013.

**Principal activity**

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

**Results and dividends**

The Profit and loss account is set out on page 5 and shows the profit for the period.

**Trading review**

The financial performance highlights for the period ended 31 December 2013 are as follows:

- Turnover and gross profit of £nil (2012: £4 million).
- Operating Costs of £33 million (2012: £22 million).
- Profit before and after tax of £277 million (2012: loss of £21 million ).
- Net assets at period end of £128 million (2012: £193 million).

On behalf of the Board



Richard Cooper  
Director  
1<sup>st</sup> September 2014

## **Sportingbet Plc**

### **INDEPENDENT AUDITOR'S REPORT**

#### **TO THE MEMBERS OF SPORTINGBET PLC**

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We have audited the financial statements of Sportingbet Plc period ended 31 December 2013 which comprise the Profit and loss account, Statement of total recognised gains and losses, Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

#### **Respective responsibilities of Directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities set out on page 1, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://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 2013 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the directors and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### **Matters on which we are required to report by exception**

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

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



Paul Creasey  
Senior Statutory Auditor  
For and on behalf of Grant Thornton UK LLP  
Statutory Auditor  
Chartered Accountants, Reading  
Date: 11 September 2014

**Sportingbet Plc****PROFIT AND LOSS ACCOUNT****FOR THE PERIOD ENDED 31 DECEMBER 2013**

		<b>17 month Period ended 31 December 2013</b>	<b>Year ended 31 July 2012</b>
	<b>Notes</b>	<b>£000's</b>	<b>£000's</b>
<b>Turnover</b>		-	4,142
<b>Cost of sales</b>		-	-
<b>Gross profit</b>		-	4,142
<b>Administrative expenses</b>		<b>(33,065)</b>	<b>(22,500)</b>
<b>Operating loss</b>	<b>4</b>	<b>(33,065)</b>	<b>(18,358)</b>
<b>Operating loss before share option charge and exceptional items</b>			
		<b>(4,246)</b>	<b>(6,366)</b>
<b>Share option charge</b>		-	(636)
<b>Exceptional items</b>	<b>5</b>	<b>(28,819)</b>	<b>(11,356)</b>
<b>Operating loss</b>		<b>(33,065)</b>	<b>(18,358)</b>
<b>Profit on disposal of investments</b>		<b>189,127</b>	-
<b>Financial income</b>	<b>6</b>	<b>146,213</b>	3,690
<b>Financial expense</b>	<b>6</b>	<b>(25,293)</b>	<b>(7,090)</b>
<b>Profit / (loss) on ordinary activities before taxation</b>		<b>276,982</b>	<b>(21,758)</b>
<b>Tax on profit / (loss) on ordinary activities</b>	<b>7</b>	-	-
<b>Profit / (loss) for the financial period</b>	<b>12</b>	<b>276,982</b>	<b>(21,758)</b>

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

There are no recognised gains or losses other than the profit as above for the financial period.

The notes on pages 8 to 14 form an integral part of these financial statements.

**Sportingbet Plc****STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****FOR THE PERIOD ENDED 31 DECEMBER 2013**

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		<b>17 month period ended 31 December 2013</b>	<b>Year ended 31 July 2012</b>
	<b>Notes</b>	<b>£000's</b>	<b>£000's</b>
<b>Profit / (Loss) for the financial period / year</b>	<b>2</b>	<b>276,982</b>	<b>(21,758)</b>
Loss on settlement of equity element of compound financial instrument		<b>(11,709)</b>	-
Exchange differences on retranslation of net assets to presentation currency		<b>536</b>	-
<b>Total recognised gains and losses relating to the period / year</b>		<b>265,809</b>	<b>(21,758)</b>

The notes on pages 8 to 14 form an integral part of these financial statements.

**Sportingbet Plc****BALANCE SHEET****FOR THE PERIOD ENDED 31 DECEMBER 2013**

		At 31 December 2013	At 31 July 2012
	Notes	£000's	£000's
<b>Fixed Assets</b>			
Investments	2	87,564	221,885
<b>Current assets</b>			
Debtors	8	378,020	88,190
Cash at bank and in hand		209	32
		<u>378,229</u>	<u>88,222</u>
<b>Creditors: amounts falling due within one year</b>	9	<u>(27,403)</u>	<u>(45,467)</u>
<b>Net current assets</b>		<u>350,826</u>	<u>42,755</u>
<b>Creditors: amounts falling due in more than one year</b>	10	-	(72,578)
<b>Net Assets</b>		<u>438,390</u>	<u>192,062</u>
<b>Capital and reserves</b>			
Called up share capital	11	667	667
Share premium	12	59,641	59,641
Other reserves	12	62,309	62,252
Equity portion of convertible bond		-	12,200
Profit and loss account		315,773	57,302
<b>Total shareholders' funds</b>	12	<u>438,390</u>	<u>192,062</u>

The financial statements on pages 5 to 14 were approved by the Board of Directors on 1<sup>st</sup> September 2014 and were signed on their behalf by:



Richard Cooper – Director  
Company Registration No. 03534726 (England and Wales)

The notes on pages 8 to 14 form an integral part of these financial statements.

# **Sportingbet Plc**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE PERIOD ENDED 31 DECEMBER 2013**

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#### **1. Accounting Policies**

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

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

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

#### **Foreign currency transactions**

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

#### **Cash flow statement**

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

#### **Financial instruments**

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

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

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

#### **Convertible bonds**

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

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

# Sportingbet Plc

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2013

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

#### Going concern

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

#### 2. Investments

Investments in subsidiaries are recognised at cost less any impairment.

	Period ended 31 December 2013	Year ended 31 July 2012
	£000's	£000's
As at 1 August	221,885	89,092
Acquisitions*	125,074	132,522
Disposals^	(259,395)	-
Options used	-	271
As at 31 December and 31 July	87,564	221,885

\*The company acquired by dividend in specie from Sportingbet Holdings Limited an investment in Sportingbet Australia Holdings PTY Limited in the period to 31 December 2013.

^The company disposed of its investment in Sportingbet Australia Holdings PTY Limited, Sportingbet Intragroup Financing (Guernsey) Limited and Spread Your Wings Spain Plc to William Hill PLC for consideration of £448.5 million in the period to 31 December 2013. The profit on disposal of investments has been shown in the profit and loss account.

The following principal subsidiaries were wholly owned at 31<sup>st</sup> December 2013:

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

# Sportingbet Plc

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2013

#### 3. Staff Costs

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

	Period ended 31 December 2013	Year ended 31 July 2012
	£000's	£000's
Wages and salaries	1,604	4,983
Social security costs	280	177
Pension costs	156	220
	<u>2,040</u>	<u>5,380</u>

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

	2013	2012
Finance, Administration and Board	<u>5</u>	<u>10</u>

#### 4. Operating profit

Operating profit is stated after charging

	Period ended 31 December 2013	Year ended 31 July 2012
	£000's	£000's
Directors' remuneration	3,849	3,148
Compensation for loss of office	<u>4,260</u>	<u>-</u>

The audit fee expense is borne by the parent entity.

#### 5. Exceptional items

A breakdown of exceptional items is set out below:

	Period ended 31 December 2013	Year ended 31 July 2012
	£000's	£000's
Costs arising on the acquisition and disposal of businesses	16,763	11,356
Redundancies and salaries arising on group reorganisation	7,892	-
Intercompany loan waiver	4,164	-
	<u>28,819</u>	<u>11,356</u>

**Sportingbet Plc**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2013**

**6. Finance income/(expense)**

	<b>Period ended 31 December 2013</b>	<b>Year ended 31 July 2012</b>
	<b>£000's</b>	<b>£000's</b>
Dividends received from group undertakings	<b>145,824</b>	-
Inter-company interest received	-	3,645
Other income and interest receivable	<b>389</b>	45
	<b>146,213</b>	3,690
Loan note interest	<b>(5,544)</b>	(7,050)
Other interest	<b>(118)</b>	(40)
Loss on disposal of convertible bonds	<b>(19,631)</b>	-
	<b>120,920</b>	<b>(3,400)</b>

**7. Taxation**

	<b>Period ended 31 December 2013</b>	<b>Year ended 31 July 2012</b>
	<b>£000's</b>	<b>£000's</b>
Current taxation charge	-	-
Prior year adjustment	-	-
	-	-

The tax charge for the year is different from that which would result from applying the standard rate of corporation tax 23.47 %\* (2012: 25.33%). A reconciliation is shown below:

	<b>Period ended 31 December 2013</b>	<b>Year ended 31 July 2012</b>
	<b>£000's</b>	<b>£000's</b>
Profit before tax	<b>276,982</b>	(21,235)
Profit on ordinary activities multiplied by standard rate of corporation tax of 23.47% (2012: 25.33%)	<b>65,008</b>	(5,379)
Non-deductible expenses	<b>10,615</b>	-
Non-taxable dividends	<b>(34,225)</b>	-
Substantial shareholding exemption on disposal of investments	<b>(44,388)</b>	-
Other non-taxable items	<b>(91)</b>	-
Losses arising in the period	<b>3,081</b>	2,254
Group relief	-	3,125
Tax charge	-	-

\*from 1 April 2013 the UK corporation tax rate changed from 24% to 23%

**Sportingbet Plc**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2013**

**8. Debtors**

	Period ended 31 December 2013	Year ended 31 July 2012
	£000's	£000's
Other debtors	1,461	300
Prepayments and accrued income	64	408
Owed by group undertakings	376,495	87,482
	<b>378,020</b>	<b>88,190</b>

**9. Creditors: amounts falling due within one year**

	Period ended 31 December 2013	Year ended 31 July 2012
	£000's	£000's
Bank loans	-	2,000
Trade creditors	20	-
Owed to group undertakings	25,354	33,554
Other creditors	-	3,500
Accruals and deferred income	2,029	6,413
	<b>27,403</b>	<b>45,467</b>

**10. Creditors: amounts falling due after more than one year**

	Period ended 31 December 2013	Year ended 31 July 2012
	£000's	£000's
Bank loans	-	6,005
Convertible bonds*	-	66,573
	<b>-</b>	<b>72,578</b>

\* On 8 June 2011, the Company issued £65.0m of 7% fixed rate convertible bonds, raising cash of £62.0m net of issue costs. Interest on the debt proportion, after the deduction of issue costs of £2.5m, was charged to the profit or loss using an effective rate of 12.63% on the June 2011 bond issue, and 15.11% on the May 2012 bond issue. The equity portion of the convertible bond issue was included within reserves. On 25 May 2012, the Company issued a further £15.0m of 7% fixed rate convertible bonds, raising cash of £13.3m net of issue costs. The £80m of bonds were convertible into ordinary shares of the Company at a conversion price of £0.504 on 8 June 2016 unless otherwise redeemed.

Interest was payable semi-annually in arrears.

During the period the bonds were redeemed for £141 for every £100 bond in issue, the total payable to bondholders was £112,800,000. The loss on redemption was £43,483,000 (see note 12), of this £23,852,000 has been recognised in equity, with the remainder as a financial expense in the profit and loss account, see note 6.

# Sportingbet Plc

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2013

#### 11. Share capital

	Period ended 31 December 2013 £000's	Year ended 31 July 2012 £000's
<b>Authorised</b>		
1,000m ordinary shares at 1p each	1,000	1,000
<b>Allotted, called up and fully paid</b>		
As at 31 July	667	660
Issues in respect of exercised options	-	7
As at 31 December 2013 and 31 July 2012	667	667

#### 12. Profit and loss account

	Share capital £000's	Share Premium £000's	Other Reserves £000's	Equity portion of convertible bond £000's	Profit and loss account £000's	Total £000's
At 1 August 2011	660	59,641	62,252	10,339	58,681	191,573
Retained loss for the year	-	-	-	-	(21,758)	(21,758)
Dividends	-	-	-	-	19,743	19,743
Equity portion of convertible bond	-	-	-	1,861	-	1,861
Issue of shares from share plan	-	-	-	-	-	-
Exercise of share option	7	-	-	-	-	7
Share option charge	-	-	-	-	636	636
At 31 July 2012	667	59,641	62,252	12,200	57,302	192,062
At 1 August 2012	667	59,641	62,252	12,200	57,302	192,062
Retained profit for the year	-	-	-	-	276,982	276,982
Settlement of the equity portion of convertible bonds (see note 10)	-	-	57	(12,200)	(11,709)	(23,852)
Dividends	-	-	-	-	(7,338)	(7,338)
FX reserve	-	-	-	-	536	536
At 31 December 2013	667	59,641	62,309	-	315,773	438,390

#### 13. Related party transactions

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

**14. Ultimate parent undertaking**

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