

Sporting Odds Limited

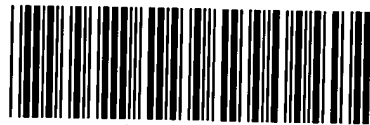
Company number: 03655231

Report and Financial Statements

Year ended

31 December 2017

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SPORTING ODDS LIMITED

Annual report and financial statement for the year ended 31 December 2017

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Directors

James Humberstone
William Longton
Adam Lewis

Registered office

3rd Floor, One New Change, London, EC4M 9AF

Company number

03655231

Auditor

Grant Thornton UK LLP
Chartered accountants, Statutory Auditor
30 Finsbury Square, London, EC2P 2YU

SPORTING ODDS LIMITED

Report of the Directors for the year ended 31 December 2017

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2017.

Directors

The Directors of the Company during the financial year were:

James Humberstone
William Longton
Adam Lewis

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.

Legal and Regulatory Risk

From time to time the Company may be subject to legal claims and actions. The Company takes legal advice as to the likelihood of success of the claims and actions and no provision or disclosure is made where the Directors feel, based on that advice, that action is unlikely to result in a material loss or a sufficiently reliable estimate of the potential obligation cannot be made.

Events after the balance sheet date

In January 2018, along with multiple other online gaming operators, the Company, operating under a Greek interim gaming licence, received a tax audit assessment from the Greek Audit Centre for Large Enterprises in respect of 2010 and 2011 (the "Assessment"). Legal and tax advice has been received from the Company's Greek professional advisers and this sets out that the Company has strong grounds to appeal the Assessment and in 2018 an appeal has been filed. See note 8 to the accounts for a more detailed analysis of the current regulatory risk.

SPORTING ODDS LIMITED

Report of the Directors for the year ended 31 December 2017 (*continued*)

Going concern

The accounts are prepared on a going concern basis. The Directors have obtained assurances that the Group will provide support to the Company in relation to the Greek tax enquiry (see note 8)

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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 101 'Reduced Disclosure Framework'.

The financial statements are required to give a true and fair view of the state of affairs of the Company and of the Profit or loss for the year then ended. 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;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 which disclose with reasonable accuracy at any time the financial position of the Company and to 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.

So far as each Director 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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



Adam Lewis

Director

Company number: 03655231

Date: 4 December 2018

SPORTING ODDS LIMITED

Strategic Report for the year ended 31 December 2017

The Directors present their Strategic Report for the year ended 31 December 2017.

Principal activities

The Company's principal activity is the offering of interactive betting over the internet to Greek and UK customers under licenses issued in the UK and interim Greek license. On 28 November 2017 the Company transferred its UK customers to a related group company resulting in a gain on disposal of £2.9m. The results relating to the UK business have been disclosed as a discontinued operation.

Results and dividends

The profit and loss account is set out on page 7 and shows the profit for the year (2016: profit). The Directors do not recommend the payment of a dividend (2016: £nil).

Trading review

The key performance indicators for the year ended 31 December 2017 are as follows:

- Revenue of £19.4m (2016: £12.7m)
- Profit for the year of £9.0m (2016: £4.4m)
- Net assets at year end of £29.9m (2016: £20.9m)

Future developments

The Directors do not anticipate any changes in the forthcoming year.

On behalf of the Board



Adam Lewis

Director

Company number: 03655231

Date: 4 December 2018

Independent auditor's report to the members of Sporting Odds Limited

We have audited the financial statements of Sporting Odds Limited (the 'company') for the year ended 31 December 2017 which comprise the profit and loss account, the statement of changes in equity, the balance sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent auditor's report to the members of Sporting Odds Limited

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors for the financial statements

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

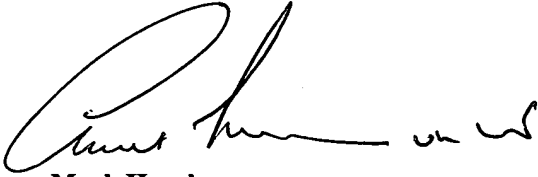
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our

Independent auditor's report to the members of Sporting Odds Limited

opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



Mark Henshaw

Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
Date: 13 December 2018

SPORTING ODDS LIMITED

Statement of profit or loss and other comprehensive income for the year ended 31 December 2017

	Note	Year ended 31 December 2017 Continuing £000's	Year ended 31 December 2017 Discontinued £000's	Year ended 31 December 2017 Total £000's	Year ended 31 December 2016 Continuing £000's	Year ended 31 December 2016 Discontinued £000's	Year ended 31 December 2016 Total £000's
Revenue		11,475	7,947	19,422	5,261	7,412	12,673
Cost of sales		(6,744)	(2,153)	(8,897)	(8,124)	(2,201)	(10,325)
Gross profit / (loss)		4,731	5,794	10,525	(2,863)	5,211	2,348
Administrative (expense) / income		(4,010)	2,926	(1,084)	2,321	-	2,321
Operating profit		721	8,720	9,441	(542)	5,211	4,669
Operating profit before exceptional items		721	5,794	6,515	(542)	5,211	4,669
Exceptional items	4	-	2,926	2,926	-	-	-
Operating profit		721	8,720	9,441	(542)	5,211	4,669
Taxation on profit on ordinary activities	3	(151)	(300)	(451)	(68)	(168)	(236)
Profit on ordinary activities after tax		570	8,420	8,990	(610)	5,043	4,433
Other comprehensive income		-	-	-	-	-	-
Total comprehensive profit for the year		570	8,420	8,990	(610)	5,043	4,433

The notes on pages 10 to 14 form part of these financial statements.

SPORTING ODDS LIMITED**Balance sheet at 31 December 2017**

	Note	2017 £000's	2016 £000's
Current assets			
Debtors	5	24,008	49,755
Cash and cash equivalents		13,848	13,447
Current Liabilities			
Creditors	6	(7,941)	(42,277)
Total Net assets		29,915	20,925
Capital and reserves			
Called up share capital	7	1,000	1,000
Share premium account		1,500	1,500
Profit and loss account		27,415	18,425
Shareholders' funds		29,915	20,925

The financial statements were approved by the Board and authorised for issue and signed on their behalf by



Adam Lewis
Director

Date: 4 December 2018

Company number: 03655231

The notes on pages 10 to 14 form part of these financial statements.

SPORTING ODDS LIMITED

Statement of changes in equity for the year ended 31 December 2017

	Share capital £000's	Share premium £000's	Profit and loss account £000's	Total £000's
Balance at 1 January 2016	1,000	1,500	13,992	16,492
Profit for the year	-	-	4,433	4,433
At 1 January 2017	1,000	1,500	18,425	20,925
Profit for the year	-	-	8,990	8,990
At 31 December 2017	1,000	1,500	27,415	29,915

The notes on pages 10 to 14 form part of these financial statements.

SPORTING ODDS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2017

1 Accounting policies

These financial statements were prepared in accordance with Financial reporting Standard 101 'Reduced Disclosure Framework'.

The financial information has been prepared on the historical cost basis with the exception of those assets and liabilities which are carried at fair value, and in accordance with applicable UK law and United Kingdom accounting standards. The Company intends to continue reporting under FRS 101 in the next financial year.

As permitted under FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to the listing of new and revised standards that have not been adopted, financial instruments, fair values, presentation of a cash flow statement and related party transactions.

A summary of the significant accounting policies are set out below; these policies have been applied consistently to the periods presented, unless otherwise stated.

Going concern

The accounts are prepared on a going concern basis. The Directors have obtained assurances that the Group will provide support to the Company in relation to the Greek tax enquiry (see note 8).

Turnover

Turnover is measured at the fair value of consideration received or receivable and comprises the following elements:

Casino:	net win in respect of bets placed on casino games that have concluded in the year, stated net of promotional bonuses.
Sportsbook:	gains and losses in respect of bets placed on sporting events in the year, stated net of promotional bonuses. Open positions are carried at fair market value and gains and losses arising on this valuation are recognised in revenue, as well as gains and losses realised on positions that have closed.
Poker:	net win in respect of rake for poker games that have concluded in the period, stated net of promotional bonuses.
Bingo:	net win in respect of bets placed on bingo games that have concluded in the period, stated net of promotional bonuses.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rate 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 profit.

Deferred taxation

Deferred tax is recognised in respect of all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, except for deferred tax assets which are only recognised to the extent that they have either been agreed with the relevant tax authority and/or the Company anticipates making sufficient suitable taxable profits in the near future. Deferred tax balances are not discounted.

SPORTING ODDS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2017 (*continued*)

1 Accounting policies (*continued*)

Financial liabilities and equity

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the 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.

Financial assets are initially measured at fair value adjusted by transaction costs and classified as loans and receivables. Financial assets are subject to annual impairment review at least at each reporting date.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily available from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The recognition of provisions requires management to apply judgement in determining the likelihood of the outcome of legal or regulatory proceedings as well as any other circumstances that may cause a liability to fall due. In considering the historical Greek tax situation (see note 8) judgement has been exercised based on the likelihood as to whether it is probable that an outflow of resources will arise.

2 Operating profit

Operating profit is stated after charging / (crediting):

	Year ended 31 December 2017 £000's	Year ended 31 December 2016 £000's
Foreign exchange differences	3,176	(2,515)
Auditor's remuneration	8	-
Exceptional items	(2,926)	-
	<hr/>	<hr/>

Auditor's remuneration was borne by the Company's ultimate parent company in the preceding year. The Director's are remunerated through other group entities.

SPORTING ODDS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2017 (*continued*)

3 Taxation

	Year ended 31 December 2017 £000's	Year ended 31 December 2016 £000's
Current year charge	631	236
Prior year credit	(180)	-
	<hr/>	<hr/>
Current tax charge for the year	451	236
	<hr/>	<hr/>

The tax assessed for the year is lower (2016: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	Year ended 31 December 2017 £000's	Year ended 31 December 2016 £000's
Profit on ordinary activities before taxation	9,441	4,669
	<hr/>	<hr/>
Tax on profit on ordinary activities at standard UK Corporation tax rate of 19.25% (2016 – 20%)	1,817	934
<u>Effects of:</u>		
Group relief	(1,128)	(221)
Non-deductible expenses	(168)	(562)
Tax arising on foreign operations	110	85
Prior year credit	(180)	-
	<hr/>	<hr/>
Current tax charge for the year	451	236
	<hr/>	<hr/>

4 Exceptional items

Included in administrative expenses / income is an exceptional credit of £2.9m (2016: £nil) relating to the gain on disposal of the UK business to a related company.

SPORTING ODDS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2017 (*continued*)

5 Debtors

	2017 £000's	2016 £000's
Amounts owed by parent and group undertakings	23,383	49,662
Other debtors	61	-
Prepayments	564	93
	<hr/> 24,008	<hr/> 49,755

Amounts owed by group undertakings are non-interest bearing and are repayable on demand.

5 Creditors

	2017 £000's	2016 £000's
Amounts owed to group undertakings	3,789	38,314
Other creditors	3,710	3,806
Corporation tax creditor	434	157
Accruals	8	-
	<hr/> 7,941	<hr/> 42,277

Amounts owed to group undertakings are non-interest bearing and are repayable on demand.

6 Share capital

	2017 £000's	2016 £000's
<i>Authorised</i>		
1,000,000 ordinary shares of £1 each	1,000	1,000
<i>Allotted, called up and fully paid</i>		
1,000,000 ordinary share of £1 each	1,000	1,000

7 Parent Company and controlling related party

The Company's immediate parent Company is Sportingbet Holdings Limited, a company incorporated in England and Wales. The Company's ultimate parent company and controlling related party is GVC Holdings PLC, a company incorporated in the Isle of Man. Copies of the Group accounts prepared by the ultimate parent company are available from 32 Athol Street, Douglas, Isle of Man, IM1 1JB or from the Investor Relations section of the Company's website at www.gvc-plc.com.

SPORTING ODDS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2017 *(continued)*

8 Contingent Liabilities

Together with multiple other online gaming operators, the Company, operating under a Greek interim gaming licence, received a tax audit assessment from the Greek Audit Centre for Large Enterprises in respect of 2010 and 2011 (the “Assessment”). During this period the business was owned by Sportingbet plc, prior to its acquisition by GVC Holdings PLC in 2013. The total amount of the Assessment is €186.77m, substantially higher by multiples of the total Greek revenues generated by the Company during the relevant periods. Legal and tax advice has been received from the Company's Greek professional advisers and this sets out that the Company has strong grounds to appeal the Assessment and in 2018 it has filed an appeal. In the interim, to enable the Company to continue to trade normally, it has entered into a payment scheme with the relevant authority whereby funds are paid to that authority and held on account of approximately €7.8m a month for 24 months. The Board strongly disputes the basis of the Assessment calculation, believing the assessed quantum to be widely exaggerated and is confident in the grounds of appeal. The Directors do not feel that it is probable that a liability will arise.

9 Related party transactions

The Company has taken advantage of the exemption in FRS 101 “Reduced Disclosure Framework” from the requirement to disclose transactions with Group companies on the grounds that the Company is a wholly owned subsidiary and publicly available consolidated financial statements are prepared by the ultimate parent company.