

**GVC Holdings PLC**

("GVC" or the "Group")

**Preliminary Results and Q1 2011 Trading Update**

GVC Holdings PLC (AIM:GVC), a leading online gaming company, today announces its Preliminary Results for the year ended 31 December 2010 and Q1 Trading Update.

**Highlights**

- Net Gaming Revenue ("NGR") increased by 5% to €54.9m (2009 €52.1m)
- Clean EBITDA of €12.2m (2009: €17.7m) following planned market investment of €4.8m and start up costs of €0.7m
- Final dividend of 10 €cents per share proposed on top of interim dividend of 10 €cents per share and last year's special dividend of 50 €cents per share
- Planned investments and cost associated with the re-domiciliation and Boss Media legal fees, led to a reduced profit before tax of €4.1m (2009: €14.0m)
- Basic earnings per share of €0.111 (2009: €0.432)

**Operational Highlights**

- Significant marketing investment in the CasinoClub brand
- FIFA World Cup, benefitting both Betaland and Betboo
- Planned expenditure incurred in preparing the Betboo brand for new markets

**Q1 2011 Highlights**

- Record average daily NGR of €172k (Q1 2010: €157k, Q4 2010: €146k)
- CasinoClub average daily NGR of €83k (Q1 2010: €79k, Q4 2010: €82k)
- Total sports wagers averaging €251k per day (Q1 2010: €212k, Q4 2010: €190k)
- Sportsbook for emerging markets live on 5 January 2011, encouraging trading seen already with sports stake for March 2011 averaging €64k per day

Commenting on the results, Kenneth Alexander, Chief Executive of GVC Holdings plc, said: "The Board has been encouraged by the improved conditions in the markets in which the Group operates and the Group has made a positive start to 2011."

“Betboo in Latin America and in Emerging Markets has performed more strongly than expected, and the re-structuring of the earn-out should encourage further growth and allow greater investment in Latin America. The building of the Betboo brand outside Latin America will continue in 2011 and the Board expects that this will move into profitability in H2 2012. Our marketing investments in CasinoClub will also continue throughout 2011.

“The regulatory landscape has seen a number of changes during 2010, few of which have had an impact on GVC’s core business. The Interstate Treaty in Germany expires at the end of the year and discussions amongst the German Länder have been taking place in 2011. It is too early to predict the outcome of these discussions.

“The Group remains cautiously optimistic for the forthcoming financial year.”

**- Ends -**

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**About GVC Holdings PLC**

GVC Holdings PLC is a leading online gaming company. The Group is headquartered in the Isle of Man and is licensed in Malta, and the Netherlands Antilles.

In December 2004, the shares of Gaming VC Holdings S.A., GVC’s predecessor company, were admitted to the AIM market of the London Stock Exchange. The GVC Group has not and has never transacted wagering activity by players in the US. Further information on the Group is available at [www.gamingvc.com](http://www.gamingvc.com).

## **FORWARD LOOKING STATEMENTS**

This document includes statements that are, or may be deemed to be, forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms such as anticipates, believes, estimates, expects, intends, may, plans, projects, should or will, or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include, but are not limited to, statements regarding the intentions, beliefs or current expectations of GVC Holdings Plc Group or any of its directors, concerning, amongst other things, the GVC Holdings Plc Group's results of operations, financial position, prospects, growth, strategies and expectations for the markets within which the GVC Holdings Plc Group operate. Any forward-looking statements in this document reflect GVC Holdings Plc Group's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the GVC Holdings Plc Group's operations, results of operations and growth strategy. Subject to the requirements of the AIM Rules for Companies, neither GVC Holdings Plc Group or the Directors undertake any obligation publicly to release the result of any revisions to any forward-looking statements in this document that may occur due to any change in GVC Holdings Plc Group's expectations or to reflect events or circumstances after the date of this document. A number of factors could cause results and developments of the GVC Holdings Plc Group to differ materially from those expressed or implied by the forward-looking statements including, without limitation, general economic and business conditions, industry trends, competition, changes in regulation, currency fluctuations, changes in its business strategy and political and economic uncertainty.

## **CHAIRMAN'S STATEMENT**

### **Overview**

I am delighted to report on a successful 2010 and a record start to 2011 for GVC.

As previously communicated, 2010 reflected a series of marketing initiatives, the costs of which were taken directly to the income statement.

Net Gaming Revenue ("NGR") increased in 2010 by 5% to €54.9 million (2009: €52.1 million). After the previously announced investments in new marketing initiatives and start up costs, clean EBITDA was €12.2 million (2009: €17.6 million). These investments are already bearing fruit, with Q1-2011 NGR being 10% higher at €172k per day than the same period last year (Q1-2010: €157k), and 19% higher than the previous quarter.

Having stabilised CasinoClub's profits, further investment planned for 2011 should drive an uplift in the NGR as already experienced in Q1 2011.

The Board is proposing a final dividend of 10 €cents per share for 2010 on top of the interim dividend of 10 €cents and last year's special dividend of 50 €cents per share. Subject to shareholder approval, this will be payable on 19 May 2011 to shareholders on the register at the close of business on 15 April 2011.

### **Strategy**

The Group's strategy is to maximise the long-term cash generative potential of its existing businesses while entering profitable new markets, and maintaining its commitment to pay at least 75% of its net operating cash flow to shareholders by way of dividends.

This strategy requires not only close monitoring of each brand, but also investment in marketing and infrastructure where deemed beneficial to this strategy. To implement this, in January 2010, GVC announced its intention to make additional marketing investments in its CasinoClub brand. Investment and expenditure will continue throughout 2011.

The Group's Latin American brand, Betboo, is an exciting growth story and its daily revenues continue to grow. The recently restructured and extended earn-out transaction should further aid growth and the Board's aim is for Betboo to become one of Latin America's leading online gaming brands.

GVC has now launched a new sportsbook, using in-house software, into new markets outside Latin America, and early indications are extremely positive. Betaland is continuing to deliver solid results in a highly competitive market.

### Cashflow and Dividends

The Board understands the importance of dividends to shareholders. During the year, the Group re-domiciled from Luxembourg to the Isle of Man. One of the major reasons for this was to remove the 15% withholding tax, which was suffered by much of the Group's tax-exempt shareholder base.

To ensure a smooth continuation of dividends, as well as to grow the business and lock-in the founders for a longer time period, GVC restructured its earn-out with the founders of Betboo as announced on 23 February 2011. The earn-out period, and management lock-in period has been extended to run to 31 December 2014.

### Boss Media

As reported in the Admission Document, dated 19 April 2010, the Group initiated legal proceedings against Boss Media over an alleged infringement of its intellectual property. In the Maltese Courts the parties have filed various submissions in relation to jurisdiction. The Maltese Court is due to hand down its decision as to whether it has jurisdiction to hear the Group's claim on 29 April 2011.

Boss Media is attempting to have the case heard in Sweden and issued an Arbitration Request in Sweden. GVC has responded to this challenging the Swedish jurisdiction. A date for the jurisdictional challenge has been provisionally fixed for 20 and 21 June 2011.

### Current trading and future prospects

GVC has started the year well across all of its brands as the table below illustrates.

Average NGR per day (€ 000's)

	<u>Q1-10</u>	<u>Q2-10</u>	<u>Q3-10</u>	<u>Q4-10</u>	<u>Q1-11</u>
CasinoClub	78.6	72.5	67.8	81.8	<b>83.3</b>
Betaland	68.1	66.9	60.5	48.4	<b>67.5</b>
Betboo	10.4	13.5	17.6	15.7	<b>19.1</b>
Emerging markets	-	-	-	-	<b>2.2</b>
<b>Total</b>	<b>157.1</b>	<b>152.9</b>	<b>145.9</b>	<b>145.9</b>	<b>172.1</b>
Gaming	132.3	125.5	114.9	133.6	<b>134</b>
Sports	24.8	27.4	31.0	12.3	<b>38.1</b>
Aggregate sports margin	13.4%	13.9%	22.9%	7.3%	<b>17%</b>

Total average NGR for the period 1 January 2011 to 20 March 2011 was 10% higher than in Q1-2010.

On behalf of the Board I thank all of our employees for their contributions to another year of significant achievement. Our executives and employees play a critical role in the Group's success and we remain committed to recruiting, retaining and developing the best people.

**Lee Feldman**

25 March 2011

## **REPORT OF THE CHIEF EXECUTIVE**

### **Introduction and financial overview**

I reported in my statement last year that trading conditions had been difficult for the industry throughout 2009. I am pleased to report that not only did the Group's revenues improve in 2010, but also that they continue to do so. As reported in the Chairman's statement, like-for-like revenues in Q1 2011 were 10% higher than Q1-2010 and 18% higher than Q4-2010.

I am particularly encouraged that the investment during 2010 in the Group's core CasinoClub brand has resulted in an 11% rise in average daily revenues in Q1 2011 over the average for 2010.

The Group's 2010 results were influenced by a number of key events:

- Significant marketing investment in the CasinoClub brand
- FIFA World Cup, benefitting both Betaland and Betboo
- Planned expenditure incurred in preparing the Betboo brand for new markets
- A series of exceptional items as previously announced and more fully explained in the report of the Group Finance Director.

Sports wagers grew by 18% to €69.3 million, although the lower sports margin at 13.8% (2009: 17.2%), led to a slightly lower sports NGR at €8.7 million (2009: €9.2 million). Gaming NGR rose by 8% to €46.2 million (2009: € 42.9 million), leading to an overall 5% increase in total NGR to €54.9 million (2009: 52.1 million).

### **Operations by brand**

#### **CasinoClub**

As expected, NGR reduced by €2.0 million (7%) to €27.5 million. The highly competitive poker market, in which GVC is a marginal player, was responsible for €0.6 million of this reduction, whilst casino revenues fell by 5%. However, casino revenues in Q4-2010 were the highest in the year (averaging €79.9k per day, 2009: €76.9k per day) and reflected the marketing initiatives successfully implemented during the year.

Contribution was impacted by this increased marketing spend, and by an increasing proportion of new business being sourced through affiliates (21% and against 15% in 2009). As a result the contribution margin reduced by 10 percentage points to 60% (2009: 70%).

Costs, primarily a fuller complement of staff, rose by 15% but have now stabilised.

Clean EBITDA was €13.9 million, a 51% operating margin (2010: €18.4 million, a 63% operating margin) and should stabilise close to this level.

### **Betaland**

Sports wagers increased by 4% to €55.9 million. A lower sports margin percentage at 15.7% (2009: 17.7%) led to a slightly lower sports NGR of €8.4 million (2009: €9.0 million). Gaming NGR rose by 20% to €13.8 million (2009: €11.5 million), leading to an overall 8% increase in total NGR to €22.2 million (2009: €20.5 million).

Clean EBITDA was €1.9 million, a 9% operating margin (2010: €1.7 million, an 8% operating margin).

### **Betboo**

Betboo, the Group's Latin American brand, was acquired on 1 July 2009. Comparisons therefore with 2009 should be done on the basis of individual six month periods. The NGR for the last three six month periods was:

	<u>Sports Wagers</u>	<u>Sports NGR</u>	<u>Gaming NGR</u>	<u>Total NGR</u>	<u>NGR per day</u>
H2-2009	2,867.1k	188.4k	1,991.5k	2,179.9k	12.0k
H1-2010	7,828.5k	(83.3k)	2,245.7k	2,162.4k	11.9k
H2-2010	5,550.3k	381.7k	2,685.5k	3,067.2k	16.7k

The NGR for H2-2010 was 41% higher than H2-2009, despite sports margins being lower overall than in 2009 leading to a gross margin of 5.7% (2009: 9.3%). During H2-2010 the management of sports risk was transferred to the Group's Maltese hub, leading to an improvement in sports margins. The Board continues to see good growth from this brand in what the Group believes to be a market with significant potential. The revised earn-out arrangements are expected to lead to a faster growth in revenue.

Costs for the last three six-month periods were:

H2-2009	€1,272k
H1-2010	€1,285k
H2-2010	€1,530k

The increase in cost was largely operational and necessary to cater for greater customer volume.

Clean EBITDA was €0.2 million loss (2009: €0.1 million profit).

### **New sportsbook - Emerging Markets**

€0.7 million of expenditure was incurred during 2010 in preparing this operation to go live in January 2011. Early indications are extremely encouraging, and for the 24 day period to 24 March 2011, sports wagers have been averaging €66k per day.

### **Regulatory**

There have been a series of regulatory changes in the last year, notably a number of key judgements in the Court of Justice of the European Union ("ECJ"). The ECJ ruled in *Carmen Media* and *Markus Stoss* that Germany's lottery and sports betting monopoly in its present form infringed EU law since it did not pursue the stated objectives in a consistent and systematic manner.

The Board notes that the Presidents of the German Länder are planning to meet on 6 April 2011 to further discuss the nature of a regulated regime in Germany. GVC awaits the outcome of this meeting with interest and understands that any resulting legislation would not be enacted before 1 January 2012 to replace the current Interstate Treaty which expires on 31 December 2011.

It is further noted that the European Commission announced on 24 March 2011 that it would start an information-gathering exercise on possible measures to overhaul the EU's patchwork of national gaming laws. The EU agency said the consultation will "determine if the differing national regulatory models for gaming can continue to coexist, and whether specific action may be needed in the EU for that purpose."

## **Outlook**

The Board has been encouraged by the improved conditions in the markets in which the Group operates and the Group has made a positive start to 2011.

Betboo in Latin America and in Emerging Markets has performed more strongly than expected, and the re-structuring of the earn-out should encourage further growth and allow greater investment in Latin America. The building of the Betboo brand outside Latin America will continue in 2011 and the Board expects that this will move into profitability in H2 2012. Our marketing investments in CasinoClub will also continue throughout 2011.

We remain cautiously optimistic for the forthcoming financial year.

**Kenneth Alexander**

**Chief Executive**

25 March 2011

## REPORT OF THE GROUP FINANCE DIRECTOR

The purpose of this report is to explain the movements in the income statement, balance sheet and cashflow, along with providing a guide to the financial risks and exposures faced by the Group.

### Financial Highlights

<b>NGR</b>	€54.9 million, up €2.8 million (5%) from €52.1 million
<b>Mix of revenues</b>	CasinoClub 50% (2009: 57%); Betaland 40% (2009: 39%); Betboo 10% (2009: 4%) Gaming 84% (2009: 82%); Sports 16% (2009: 18%)
<b>Contribution %</b>	42% (2009: 50%)
<b>Clean EBITDA</b>	€12.2 million (2009: €17.6 million)
<b>Profit before taxes</b>	€4.1 million (2009: €14.0 million)
<b>Cashflows (before dividends)</b>	€4.2 million (2009: €11.7 million)

### Net Gaming Revenue

The €2.8 million increase can be explained as follows:

<b>NGR in 2009</b>	<b>€000's 52,148</b>	<b><u>Explanation</u></b>
Reduction in CasinoClub poker revenues	(593)	Highly competitive market, and little product development from third party software supplier
Reduction in CasinoClub casino revenues	(1,392)	5% drop reflecting an uncertain economic climate and stagnating product offering
Reduction in Betaland sports NGR	(643)	Average sports margins dropped to 15.7% from an exceptional 17.7% in 2009 on an increase in stakes from €53.9m to €55.9m
Increase in Betaland gaming NGR	2,337	An increase of 20% due to an improved product offering
Revenues from Betboo in H1	2,163	Betboo was acquired in July 2009
Increase in Betboo revenues in H2 over prior period	<u>887</u>	Revenues grew by 41% due to improved product offering and increased customer base
<b>NGR in 2010</b>	<b><u>54,907</u></b>	

## Contribution

Whilst the gross profit margin at 82% remained level with 2009, the contribution margin fell from 50% to 42%.

This reflects a number of factors:

- A greater proportion of CasinoClub new business being sourced through affiliates (21% up from 15%)
- Increased marketing investment in all three brands, both to grow and protect them.

## Operating costs – cash items

Operating costs excluding amortisation, depreciation, share option charges and exceptional items rose to €11.2 million from €8.5 million. €1.3 million of this increase was attributable to a full year's operations for Betboo. Of the balance of the increase (€1.4 million), 50% was due to incurring start-up costs of the new sportsbook.

	€000'S	Notes
<b>Costs in 2009</b>	<b>8,516</b>	
An additional half-year's costs for Betboo	1,285	Betboo was acquired on 1 July 2009
Like- for-like costs	9,801	
Start-up costs on new sportsbook	720	
Additional resourcing costs for CasinoClub	344	Strengthening of management team
Additional resourcing and infrastructure costs in Betboo	260	Larger team and office
All other items	40	
<b>Costs in 2010</b>	<b>11,165</b>	

## Operating costs – non-cash items

### Depreciation

Depreciation of property, plant and equipment at €459k was little changed from €495k during 2009. There were modest additions during the year of €148k (2009: €222k).

### Amortisation

Amortisation of intangibles rose to €1,637k from €954k. The components of this are shown below:

	2010 €000's	2009 €000's
Amortisation of assets arising from the acquisition of Betboo – H1 charge	618	-
Amortisation of assets arising from the acquisition of Betboo – H2 charge	624	607

Amortisation of assets arising from the acquisition of Betboo	<u>1,242</u>	<u>607</u>
Amortisation of other assets	<u>395</u>	<u>347</u>
	<u>1,637</u>	<u>954</u>

### Share option charges

Share option charges increased from €213k to €482k reflecting the grant of new options during 2010. 1,675,000 of these options to the directors were at a strike price of £2.13; and 400,000 of these options were granted at a strike price of £0.01, and a further 700,000 at a strike price of £1.50 to employees and contractors.

### **Operating costs – exceptional items**

There were a series of exceptional items during the year which GVC has already extensively explained to the market. The total charge was €4,428k (2009: €1,538k).

#### *Boss Media*

The Group initiated litigation against Boss Media, its principal supplier of gaming software, alleging an infringement of its intellectual property rights. This case is still continuing and the legal costs are being shown as an exceptional item. In 2010 these costs amounted to €626k.

#### *Redomiciliation and other legal restructuring*

To ensure the Group was able to mitigate the effect on shareholders of a non-refundable 15% withholding tax, and to afford protection of the City Code, the Group re-domiciled during the year from Luxembourg to the Isle of Man. This restructuring was also accompanied by some other technical restructuring costs in its subsidiaries. The cost of this amounted to €1,628k.

#### *LTIP compensation and share option cancellation*

As announced in January 2010, the executive directors had some of their share options cancelled and were cash compensated for this and for their lack of participation in a long term incentive plan. The cost of this compensation amounted to €1,577k.

#### *Onerous software contracts terminated*

GVC uses a number of software suppliers across its brands, and decided to terminate a supplier whose costs were onerous and fixed (rather than varying with revenue) in nature. The cost of terminating these contracts, and similar items amounted to €339k.

### *Abnormal jackpot win*

It is the accounting policy of GVC to treat all cash withdrawals over €250k by a customer following a jackpot win as exceptional items. In September 2010, a player won a large jackpot on a video poker game offered through CasinoClub. €258k was therefore taken to exceptional items (2009: winner of slot machine game Aladdin's Lamp €250k).

### **Financial income and expense**

As a result of significantly reduced Euro interest rates, lower profitability and the payment of €18,681k in dividends in the year (2009: €12,454k), financial income has been negligible.

Financial expense at €1,088k represents a full 12 months charge for the unwinding of the discount on the deferred consideration arising from the acquisition of Betboo. In 2009 there was a charge for the period 1 July to 31 December of €467k. Other financial expenses are negligible. Both bank charges and foreign exchange differences are accounted for in operating expenses.

### **Profits before taxes**

An explanation of the movements in profits is shown in the table below:

		€000'S	
<b>Profits before tax in 2009</b>		<b>14,042</b>	
Reduction in contribution arising from investment in marketing initiatives	(4,792)		As previously announced, GVC planned to invest around €5 million during 2009
Change in Betboo clean EBITDA	(292)		Loss caused by punter-favourable sports outcomes in H1-2010
Start-up costs for new sportsbook	(709)		
Change in all other costs	307		
<b>Change in cash based profits before exceptional items</b>		<b>(5,486)</b>	
<b>Increase in exceptional items</b>		<b>(2,890)</b>	Combination of the re-domiciliation, the buy-out of share options and similar and legal fees on the Boss Media case
Full year's amortisation of intangible assets acquired on the acquisition of Betboo	(635)		
Change in all other components of depreciation and amortisation	(12)		

Increase in financial income and expenses	(672)	Full year's charge for the release of the discount on deferred consideration arising on the acquisition of Betboo
Increase in share option charge	(269)	Based upon the grant of new share options in May 2011
<b>Change in non-cash based profits</b>	<u>(1,588)</u>	
<b>Profits before tax in 2010</b>	<u><b>4,078</b></u>	

### Taxation

The Group' is headquartered in the Isle of Man and has licensed operations in Malta and Curacao, in each of which profits are taxable at local rates. The tax charge for the year reflects the taxable profits arising from these jurisdictions along with a release of the deferred tax asset.

### Discontinued activities

Winzingo, the Spanish-language bingo operation was sold to its management early in 2010 after sustaining losses since inception. The results of this, a loss of €411k (2009: €216k) have been shown under discontinued operations in the income statement.

### Balance sheet

The Group's net asset base has primarily been affected during 2010 by the payment of €18,681k in dividend payments.

	<u>2010</u> <u>€'000s</u>	<u>2009</u> <u>€'000s</u>
Tangible and intangible assets acquired on the acquisition of Betboo	-	8,133
Other property, plant and equipment acquired	148	222
Other non-current assets acquired	957	354
Total fixed assets acquired	<u>1,105</u>	<u>8,709</u>
Asset acquisition by brand	<u>2010</u> <u>€'000s</u>	<u>2009</u> <u>€'000s</u>
CasinoClub	394	136
Betaland	80	440
Betboo, on acquisition	-	8,133
Betboo	168	-
Emerging markets	463	-
	<u>1,105</u>	<u>8,709</u>

Net current assets at 31 December 2010 were €5,564k (2009: 18,841k), with free cash balances of €4,935k (2009: €19,380k). An abbreviated statement of the movement in the Group's cash position is shown below:

## Cash and cash equivalents

	<u>2010</u>	<u>2010</u>	<u>2009</u>	<u>2009</u>
<b>At 1 January</b>		<b>19,380</b>		<b>18,265</b>
Re-categorisation of payment processing balances				1,862
Dividends paid in year		(18,681)		(12,454)
Clean EBITDA less exceptional items	7,736		16,112	
Tangible and intangible assets acquired in the year	(1,105)		(576)	
Corporation taxation received/(paid)	525		(1,304)	
Betboo acquisition/earnout payments	(271)		(3,140)	
Winzingo losses	(411)		(216)	
Cash movements through reserves	(383)		-	
Movement in working capital and other items	(1,855)		831	
<b>Net cashflow for year excluding dividends</b>		<b>4,236</b>		<b>11,707</b>
<b>At 31 December</b>		<b>4,935</b>		<b>19,380</b>
- Total	6,614		20,995	
- Less customer balances	(1,679)		(1,615)	
		<u>4,935</u>		<u>19,380</u>

As at Friday 18 March 2011, the gross cash position was €7,097k, representing €0.23 per share.

## Dividends

The Board is proposing a final dividend of 10 €cents per share for 2010 on top of the interim dividend of 10 €cents and last year's special dividend of 50 €cents per share. Subject to shareholder approval, this will be payable on 19 May 2011 to shareholders on the register at the close of business on 15 April 2011.

## Betboo earn-out and deferred consideration

As announced on 23 February 2011, the Group has changed the terms and the period over which the earn-out can be earned in order to smooth out its cashflows and provide a greater incentive for the Betboo founders to grow the business. The acquisition was accounted for under a previous version of IFRS 3.

Whilst the maximum earn-out remains at US\$30 million, the method of calculation has moved from being profits based to being based on NGR.

The Group has undertaken to pay to the founders US\$5.65 million in 36 monthly instalments as part of the revised earn-out beginning 1 July 2011.

Additionally, but again part of the earn-out, the Group will pay the founders 25% of the NGR earned in each of the fiscal years 2011, 2012, 2013, and 2014 in the month following each year end and subject to final audit verification of the NGR.

**Exposure to foreign exchange**

The principal trading currency of the Group is Euro. The Group has an income exposure to the Brazilian Real, and a cost exposure to the Israeli Shekel, British Pound, and the Uruguayan Peso. Currently these exposures are unhedged. Should there be significant adverse currency movements, the profits of the Group would be affected. The opportunities for a gaming company to hedge these currencies are limited.

**Richard Cooper**

**Group Finance Director**

25 March 2011

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2010

	Notes	2010 €000's	2009 €000's
<b>Net gaming revenue</b>	3	<b>54,907</b>	52,148
Cost of sales		<b>(9,812)</b>	(9,390)
<b>Gross profits</b>		<b>45,095</b>	42,758
Marketing and affiliate costs		<b>(21,766)</b>	(16,592)
<b>Contribution</b>	3	<b>23,329</b>	26,166
Operating costs (as below)	4	<b>(18,171)</b>	(11,716)
Other operating costs	4	<b>(11,165)</b>	(8,516)
Share option charges	4	<b>(482)</b>	(213)
	4	<b>(11,647)</b>	(8,729)
Exceptional items	4	<b>(4,428)</b>	(1,538)
Depreciation and amortisation	4	<b>(2,096)</b>	(1,449)
<b>Operating profit</b>		<b>5,158</b>	14,450
Financial income	5	<b>8</b>	64
Financial expense	5	<b>(1,088)</b>	(472)
<b>Profit before tax</b>		<b>4,078</b>	14,042
Taxation charge	6	<b>(222)</b>	(372)
<b>Profit after taxation from continuing operations</b>		<b>3,856</b>	13,670
Loss after taxation from discontinued operations	7	<b>(411)</b>	(216)
<b>Profit after tax</b>		<b>3,445</b>	13,454
<b>Earnings per share</b>		<b>€</b>	<b>€</b>
<b>Basic</b>			
Profit from continuing operations		<b>0.124</b>	0.439
Loss from discontinued operations		<b>(0.013)</b>	(0.007)
Total	8	<b>0.111</b>	0.432
<b>Diluted</b>			
Profit from continuing operations		<b>0.121</b>	0.431
Loss from discontinued operations		<b>(0.013)</b>	(0.007)
Total	8	<b>0.108</b>	0.424

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	2010 €000's	2009 €000's
Profit and total comprehensive income for the year	<b>3,445</b>	13,454

## CONSOLIDATED BALANCE SHEET

At 31 December 2010

	Notes	2010 €000's	2009 €000's
<b>Assets</b>			
Property, plant and equipment		<b>363</b>	674
Intangible assets		<b>62,927</b>	63,607
Deferred tax asset	6	-	53
Total non-current assets		<b>63,290</b>	64,334
Receivables and prepayments		<b>4,833</b>	3,927
Income tax reclaimable	6	<b>1,356</b>	3,195
Other tax reclaimable		<b>19</b>	-
Cash and cash equivalents		<b>6,614</b>	20,995
Total current assets		<b>12,822</b>	28,117
<b>Current liabilities</b>			
Trade and other payables		<b>(5,469)</b>	(6,554)
Income taxes payable	6	<b>(1,525)</b>	(2,670)
Other taxation liabilities		<b>(264)</b>	(52)
Total current liabilities		<b>(7,258)</b>	(9,276)
<b>Current assets less current liabilities</b>		<b>5,564</b>	18,841
<b>Long term liabilities</b>			
Deferred consideration on Betboo		<b>(6,170)</b>	(5,354)
<b>Total net assets</b>		<b>62,684</b>	77,821
<b>Capital and reserves</b>			
Issued share capital		<b>311</b>	38,608
Merger reserve		<b>40,407</b>	-
Share premium		-	8,748
Retained earnings		<b>21,966</b>	30,465
<b>Total equity attributable to equity holders of the parent</b>		<b>62,684</b>	77,821

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2010

### Attributable to equity holders of the parent company:

	Share Capital €000's	Merger Reserve €000's	Share Premium €000's	Retained Earnings €000's	Total €000's
Balance at 1 January 2009	38,608	-	13,832	24,168	76,608
Share option charges	-	-	-	213	213
Dividend paid	-	-	(5,084)	(7,370)	(12,454)
Transactions with owners	38,608	-	8,748	17,011	64,367
Profit and total comprehensive income	-	-	-	13,454	13,454
<b>Balance as at 31 December 2009</b>	<b>38,608</b>	<b>-</b>	<b>8,748</b>	<b>30,465</b>	<b>77,821</b>
Balance at 1 January 2010	38,608	-	8,748	30,465	77,821
Transfer to merger reserve	(38,297)	55,975	(8,748)	(8,930)	-
Share option charges	-	-	-	482	482
Share options cancelled	-	-	-	(383)	(383)
Dividend paid	-	(15,568)	-	(3,113)	(18,681)
Transactions with owners	311	40,407	-	18,521	59,239
Profit and total comprehensive income	-	-	-	3,445	3,445
<b>Balance as at 31 December 2010</b>	<b>311</b>	<b>40,407</b>	<b>-</b>	<b>21,966</b>	<b>62,684</b>

All reserves of the Company are distributable, as under The Isle of Man Companies Act 2006 distributions are not governed by reserves but by the Directors undertaking an assessment of the Company's solvency.

## CONSOLIDATED STATEMENT OF CASHFLOWS

For the year ended 31 December 2010

	2010 €000's	2009* €000's
<b>Cash flows from operating activities</b>		
Cash receipts from customers	53,771	56,335
Cash paid to suppliers and employees	(48,217)	(36,809)
Corporate taxes recovered	3,189	1,652
Corporate taxes paid	(2,664)	(2,956)
<b>Net cash from operating activities</b>	<b>6,079</b>	<b>18,222</b>
<b>Cash flows from investing activities</b>		
Interest received	8	72
Acquisition of business and earn out	(271)	(3,140)
Disposal of business	(411)	(216)
Acquisition of property, plant and equipment	(148)	(222)
Acquisition of intangible assets	(957)	(354)
<b>Net cash from investing activities</b>	<b>(1,779)</b>	<b>(3,860)</b>
<b>Cash flows from financing activities</b>		
Interest paid	-	(5)
Dividend paid	(18,681)	(12,454)
<b>Net cash from financing activities</b>	<b>(18,681)</b>	<b>(12,459)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(14,381)</b>	<b>1,903</b>
Cash and cash equivalents at beginning of the year	20,995	19,262
Effect of exchange rate fluctuations on cash held	-	(170)
<b>Cash and cash equivalents at end of the year</b>	<b>6,614</b>	<b>20,995</b>

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **1. BASIS OF PREPARATION**

The financial statements are presented in the Euro, rounded to the nearest thousand, and are prepared on the historical cost basis. The financial statements are prepared on the going concern basis.

The preparation of financial statements in conformity with IFRSs requires directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

The accounting policies have been applied consistently by Group entities.

## 2. ALTERNATIVE PRESENTATION OF THE INCOME STATEMENT

To better aid shareholders and other interested parties, the Directors have prepared an alternative presentation of the Consolidated Income Statement. This is included below:

	Notes	2010 €000's	2009 €000's
Sports revenue		8,712	9,244
Gaming revenue		46,195	42,904
<b>Net gaming revenue</b>	3	<b>54,907</b>	52,148
Cost of sales		(9,812)	(9,390)
<b>Gross profit</b>		<b>45,095</b>	42,758
Gross profit margin		82%	82%
Marketing and affiliate costs		(21,766)	(16,592)
<b>Contribution</b>	3	<b>23,329</b>	26,166
Contribution margin		42%	50%
<b>Operating costs</b>	4		
Staff costs		(5,677)	(4,304)
Professional fees		(884)	(919)
Technology costs		(667)	(600)
Office, travel, other		(1,363)	(1,220)
Third party service costs		(2,342)	(1,303)
Foreign exchange differences		(232)	(170)
		<b>(11,165)</b>	(8,516)
<b>Clean EBITDA</b>	3	<b>12,164</b>	17,650
Exceptional items	4	(4,428)	(1,538)
Share Option Charges	4	(482)	(213)
<b>EBITDA</b>		<b>7,254</b>	15,899
Depreciation	4	(459)	(495)
Amortisation	4	(1,637)	(954)
<b>Operating Profit</b>		<b>5,158</b>	14,450
Financial income	5	8	64
Unwinding of discount on deferred consideration	5	(1,087)	(467)
Other financial expense	5	(1)	(5)
<b>Profit before tax</b>		<b>4,078</b>	14,042
Taxation charge	6	(222)	(372)
<b>Profit after tax from continuing operations</b>		<b>3,856</b>	13,670
Loss after taxation from discontinued operations	7	(411)	(216)
<b>Profit after tax</b>		<b>3,445</b>	13,454

## 3. SEGMENTAL REPORTING

Management currently identifies the Group's key brands as operating segments. These operating segments are monitored and strategic decisions are made on the basis of segments operating results.

Management also monitors net gaming revenue ('NGR') by geographic location of its customers, monitoring performance by Europe and Latin America.

### 3.1 Geographical Analysis

The Group's revenues from external customers are divided into the following geographic areas:

	<b>2010</b>	2009
	<b>€000's</b>	€000's
Europe	<b>49,677</b>	49,968
Latin America	<b>5,230</b>	2,180
<b>Total</b>	<b>54,907</b>	52,148

The total non-current assets (other than financial instruments, investments accounted for using the equity method, deferred tax assets and post employment benefit assets) located in Europe is €56,543,000 (2009: €56,281,000, 2008: €56,794,000) and the total located in other regions is €6,747,000 (2009: €8,000,000, 2008: €623,000).

The total deferred tax asset located in Europe is €nil (2009: €53,000, 2008: €11,000). There are no deferred tax assets in other regions.

Revenues from external customers in the Group's domicile, Europe, as well as its major markets, Europe and Latin America, have been identified on the basis of the customer's geographical location. Non-current assets are allocated based on their physical location. The above table does not include discontinued operations, for which revenue and assets can be attributed to Europe.

### 3.2 NGR by Quarter

	CasinoClub	Betaland	Betboo	Total
	€000's	€000's	€000's	€000's
Q1 - 09	7,945	6,540	-	14,485
Q2 - 09	6,991	4,221	-	11,212
Q3 - 09	7,084	3,581	1,126	11,791
Q4 - 09	7,415	6,191	1,054	14,660
<b>Total 2009</b>	<b>29,435</b>	<b>20,533</b>	<b>2,180</b>	<b>52,148</b>
Q1 - 10	7,078	6,125	933	14,136
Q2 - 10	6,601	6,090	1,230	13,921
Q3 - 10	6,241	5,563	1,621	13,425
Q4 - 10	7,530	4,449	1,446	13,425
<b>Total 2010</b>	<b>27,450</b>	<b>22,227</b>	<b>5,230</b>	<b>54,907</b>

### 3.3 Segment Summary

	CasinoClub		Betaland		Betboo	
	2010	2009	2010	2009	2010	2009
	€000's	€000's	€000's	€000's	€000's	€000's
NGR	<b>27,450</b>	29,435	<b>22,227</b>	20,533	<b>5,230</b>	2,180
Gross profit	<b>22,181</b>	23,885	<b>18,959</b>	17,203	<b>3,955</b>	1,670
Contribution	<b>16,510</b>	20,640	<b>4,205</b>	4,151	<b>2,626</b>	1,375
Clean EBITDA	<b>13,924</b>	18,399	<b>1,939</b>	1,741	<b>(189)</b>	103

### 3.4 Reporting by Segment

2010

	CasinoClub €000's	Betaland €000's	Betboo €000's	Emerging markets €000's	Central €000's	Total €000's
<b>Net gaming revenue</b>	<b>27,450</b>	<b>22,227</b>	<b>5,230</b>	-	-	<b>54,907</b>
Cost of sales	(5,269)	(3,268)	(1,275)	-	-	(9,812)
<b>Gross profit</b>	<b>22,181</b>	<b>18,959</b>	<b>3,955</b>	-	-	<b>45,095</b>
Marketing and affiliate costs	(5,671)	(14,754)	(1,329)	(12)	-	(21,766)
<b>Contribution</b>	<b>16,510</b>	<b>4,205</b>	<b>2,626</b>	<b>(12)</b>	-	<b>23,329</b>
<i>Contribution margin</i>	60%	19%	50%			
Operating costs	(2,586)	(2,266)	(2,815)	(709)	(2,789)	(11,165)
<b>Clean EBITDA</b>	<b>13,924</b>	<b>1,939</b>	<b>(189)</b>	<b>(721)</b>	<b>(2,789)</b>	<b>12,164</b>
<i>Clean EBITDA margin</i>	51%	9%	(4%)			
Exceptional items	(1,021)	-	(202)	-	(3,205)	(4,428)
Share option charges	-	-	-	-	(482)	(482)
<b>EBITDA</b>	<b>12,903</b>	<b>1,939</b>	<b>(391)</b>	<b>(721)</b>	<b>(6,476)</b>	<b>7,254</b>
Depreciation and amortisation	(467)	(386)	(1,242)	(1)	-	(2,096)
Financial income	-	-	-	-	8	8
Financial expense*	-	-	(1,087)	-	(1)	(1,088)
<b>Profit/(loss) before tax</b>	<b>12,436</b>	<b>1,553</b>	<b>(2,720)</b>	<b>(722)</b>	<b>(6,469)</b>	<b>4,078</b>
Taxation	(691)	(82)	151	40	360	(222)
<b>Profit/(loss) after tax from continuing operations</b>	<b>11,745</b>	<b>1,471</b>	<b>(2,569)</b>	<b>(682)</b>	<b>(6,109)</b>	<b>3,856</b>

#### Net assets

Non current assets	55,996	380	6,452	462	-	63,290
Current assets	1,785	4,012	696	90	6,239	12,822
Current liabilities	(1,625)	(4,386)	(1,079)	(5)	(163)	(7,258)
Net current assets	160	(374)	(383)	85	6,076	5,564
Long term liabilities	-	-	(6,170)	-	-	(6,170)
Net assets	56,156	6	(101)	547	6,076	62,684
<b>Total assets</b>	<b>57,781</b>	<b>4,392</b>	<b>7,148</b>	<b>552</b>	<b>6,239</b>	<b>76,112</b>
<b>Total liabilities</b>	<b>(1,625)</b>	<b>(4,386)</b>	<b>(7,249)</b>	<b>(5)</b>	<b>(163)</b>	<b>(13,428)</b>

\* includes the unwinding of the discount on the deferred consideration arising from the acquisition of Betboo

2009	CasinoClub €000's	Betaland €000's	Betboo €000's	Central €000's	<b>Total €000's</b>
Net gaming revenue	29,435	20,533	2,180	-	<b>52,148</b>
Cost of sales	(5,550)	(3,330)	(510)	-	<b>(9,390)</b>
Gross profit	23,885	17,203	1,670	-	<b>42,758</b>
Marketing and affiliate costs	(3,245)	(13,052)	(295)	-	<b>(16,592)</b>
Contribution	20,640	4,151	1,375	-	<b>26,166</b>
<i>Contribution margin</i>	70%	20%	63%		
Operating costs	(2,241)	(2,410)	(1,272)	(2,593)	<b>(8,516)</b>
Clean EBITDA	18,399	1,741	103	(2,593)	<b>17,650</b>
<i>Clean EBITDA margin</i>	63%	8%	5%		
Exceptional items	(420)	(1,003)	-	(115)	<b>(1,538)</b>
Share option charges	-	-	-	(213)	<b>(213)</b>
EBITDA	17,979	738	103	(2,921)	<b>15,899</b>
Depreciation and amortisation	(366)	(476)	(607)	-	<b>(1,449)</b>
Financial income	-	-	-	64	<b>64</b>
Financial expense*	-	-	(472)	-	<b>(472)</b>
Profit/(loss) before tax	17,613	262	(976)	(2,857)	<b>14,042</b>
Taxation	(483)	-	34	77	<b>(372)</b>
Profit/(loss) after tax from continuing operations	17,130	262	(942)	(2,780)	<b>13,670</b>

Net assets					
Non current assets	56,069	739	7,526	-	<b>64,334</b>
Current assets	837	3,299	894	23,087	<b>28,117</b>
Current liabilities	(405)	(4,244)	(473)	(4,154)	<b>(9,276)</b>
Net current assets	432	(945)	421	18,933	<b>18,841</b>
Long term liabilities	-	-	(5,354)	-	<b>(5,354)</b>
Net assets	56,501	(206)	2,593	18,933	<b>77,821</b>
Total assets	56,906	4,038	8,420	23,087	<b>92,451</b>
Total liabilities	(405)	(4,244)	(5,827)	(4,154)	<b>(14,630)</b>

\* includes the unwinding of the discount on the deferred consideration arising from the acquisition of Betboo

It is not deemed appropriate to allocate share option charges and financial income by operating segment.

#### 4. OPERATING COSTS

	Notes	2010 €000's	2009 €000's
Other operating costs	4.1	11,647	8,729
Exceptional items	4.2	4,428	1,538
Depreciation		459	495
Amortisation		1,637	954
		<b>18,171</b>	<b>11,716</b>

##### 4.1 Other operating Costs

	Notes	2010 €000's	2009 €000's
Other personnel expenditure (excluding share option charges)	4.1.1	5,677	4,304
Share option charges		482	213
Total personnel expenditure		6,159	4,517
Professional fees	4.1.3	884	919
Technology costs		667	600
Office, travel and other costs		1,363	1,220
Third party service costs*		2,342	1,303
Foreign exchange differences		232	170
		<b>11,647</b>	<b>8,729</b>

\*provided to Betboo

##### 4.1.1 Personnel Expenditure (Excluding Share Option Charges)

The personnel expenditure shown below excludes those items of an exceptional nature shown in note 4.2.

	2010 €000's	2009 €000's
Wages and salaries, including Directors remuneration	4,169	3,590
Amounts paid to long term contractors	708	452
Compulsory social security contributions	337	159
Pension allowances	130	44
Health and other benefits	51	10
Recruitment and training	282	49
	<b>5,677</b>	<b>4,304</b>

The average monthly number of persons (including Directors) employed by the Group during the year was:

	2010	2009
<b>Number of personnel</b>		
With employment contracts or service contracts	80	60
Contractors	4	7
	<b>84</b>	<b>67</b>

### 4.1.3 Professional Fees

At 31 December 2010, the group has legal entities in The Isle of Man, Netherland Antilles, Cyprus, Malta, United Kingdom and Israel. Accordingly, the group seeks professional advice in these and other jurisdictions.

	2010 €000's	2009 €000's
Other professional fees	884	919

During 2008, the Group settled legal claims with Fort Knox Consulting LLC which were provided for in 2007.

### 4.2 Exceptional Items

The Group incurred expenditure on exceptional items. These are items which are both exceptional in size and nature.

	Note	2010 €000's	2009 €000's
Boss dispute	a	626	-
Re-domiciliation & other restructuring	b	1,628	-
Options cancelled	c	450	-
LTIP and similar compensation	d	1,127	-
Software costs	e	339	-
Disposal of GVC Corporation SpA	f	-	1,005
Termination costs related to consultants	g	-	283
Abnormal individual jackpot win	h	258	250
Termination and other costs associated with Board changes		-	-
Professional fees associated with abortive take-over during the year		-	-
		4,428	1,538

**Note a:** The Group is in a number of legal disputes with Boss Media. The legal costs incurred by the Group relating to these disputes has been taken as an exceptional item.

**Note b:** The Group moved its holding company from Luxembourg to The Isle of Man in May 2010 following approval at an Extraordinary General Meeting. This move also involved a full re-admission of the shares to AIM. The Group is also moving one of its subsidiaries to another jurisdiction. The cost of this restructuring has been taken as an exceptional item.

**Note c:** On 27 January 2010, the Group announced that it was cancelling the vested share options relating to K Alexander and R Cooper and settling them in cash as a consequence. The total value of the cash compensation was €833,526 (£721,000), of which €449,848 has been taken to the income statement as an exceptional item, and the balance to retained earnings, representing the fair value of the options cancelled, measured at the date of cancellation.

**Note d:** On 27 January 2010, the Group announced that it had agreed to make one-off discretionary payments to Kenneth Alexander and Richard Cooper in addition to their normal performance based bonus payments, in recognition of their importance to the business and their lack of participation up to that date in a Long-Term Incentive

Plan. The total amount of this compensation, which has been taken as an exceptional item, was €1,127,168.

**Note e:** During the period, the Group incurred costs for both professional fees and technology costs relating to certain software suppliers. These costs have been taken to exceptional items as the Directors consider them both unusual in nature and of significant size to warrant separate disclosure.

**Note f:** The Group entered into an agreement to dispose of GVC Corporation SpA, its licensed Italian subsidiary, to local management for a nominal sum. The exceptional item recognises the legal costs incurred in this process together with the write-off of the investment held and the net assets parted with at the time of the sale, being 31 August 2009.

**Note g:** The Group terminated the contracts with certain long-term senior contractors during the year ended 31 December 2009 and has recognised the settlements as exceptional items, being the extension of the restructuring work the group has undertaken.

**Note h:** The group had one single winner of a significant jackpot, winning a video poker game (2009, one winner of a slots game known as 'Roman Empire'). The amount taken to exceptional items was €258,000 (2009: €250,000).

## 5. FINANCIAL INCOME AND EXPENSES

	2010 €000's	2009 €000's
Financial income – interest income	8	64
Financial expense – interest payable		
- Interest payable	(1)	(5)
- Unwinding of discount on deferred consideration arising on the acquisition of Betboo	(1,087)	(467)
	<b>(1,088)</b>	<b>(472)</b>

## 6. TAXATION

Current tax for the current and prior periods is classified as a current liability to the extent that it is unpaid. Amounts paid in excess of amounts owed are classified as a current asset. There is a current tax liability of €169k (net of tax receivable amounts) at 31 December 2010 (2009: Current tax asset of €525k (net of tax payable amounts)).

### 6.1 Taxation Amounts Recognised in the Income Statement

	2010 €000's	2009 €000's
<b>Current tax expense</b>		
Current year	169	414
<b>Deferred tax income</b>		
Origination and reversal of temporary differences	53	(42)
Total income tax expense in income statement	<b>222</b>	<b>372</b>

## 6.2 Taxation Amounts Recognised in the Balance Sheet

	Current Tax		Deferred Tax		Total €000's
	Payable €000's	Receivable €000's	Asset €000's	Liability €000's	
Balances at 1 January 2009	(2,982)	2,611	11	-	(360)
Paid/(received) during the year ended 31 December 2009	2,956	(1,652)	-	-	1,304
Credit in the income statement for discontinued operations (Charge)/credit in income statement for the year ended 31 December 2009	-	6	-	-	6
<b>Balances at 31 December 2009</b>	<b>(2,670)</b>	<b>3,195</b>	<b>53</b>	<b>-</b>	<b>578</b>
Balances at 1 January 2010	(2,670)	3,195	53	-	578
Paid/(received) during the year ended 31 December 2010	2,664	(3,189)	-	-	(525)
(Charge)/credit in income statement for the year ended 31 December 2010	(1,519)	1,350	(53)	-	(222)
<b>Balances at 31 December 2010</b>	<b>(1,525)</b>	<b>1,356</b>	<b>-</b>	<b>-</b>	<b>(169)</b>

## 7. DISCONTINUED OPERATIONS

In April 2010 the Group discontinued its Spanish-facing bingo brand, Winzingo, as it had been loss-making and the Board could see no significant change to this position. The results from Winzingo are shown below:

	2010 €000's	2009 €000's
Net gaming revenue	354	1,190
Cost of sales	(72)	(194)
Gross profit	282	996
Marketing and revenue shares	(241)	(489)
Contribution	41	507
Operating costs	(381)	(729)
Clean EBITDA	(340)	(222)
Exceptional items	(71)	-
EBITDA	(411)	(222)
Depreciation and amortisation	-	-
Financial income and expenses	-	-
Loss before tax	(411)	(222)
Tax	-	6
Loss after tax	(411)	(216)

## 8. EARNINGS PER SHARE

### 8.1 Basic Earnings Per Share and Basic Earnings Per Share Before Exceptional Items

Basic earnings per share has been calculated by taking the profit attributable to ordinary shareholders and dividing by the weighted average number of shares in issue. Basic earnings per share from continuing operations before exceptional items has been calculated by taking the profit attributable to ordinary shareholders and adding back the cost of exceptional items in the year and dividing by the weighted average number of shares in issue.

	2010	2009
Profit for the year from continuing operations attributable to ordinary shareholders	<b>3,856,000</b>	13,670,000
Loss for the year from discontinued operations attributable to ordinary shareholders	<b>(411,000)</b>	(216,000)
Profit for the year attributable to ordinary shareholders	<b>3,445,000</b>	13,454,000
Weighted average number of shares	<b>31,135,762</b>	31,135,762
Profit from continuing operations (in €)	0.124	0.439
Loss from discontinuing operations (in €)	(0.013)	(0.007)
<b>Basic earnings per share (in €)</b>	<b>0.111</b>	0.432
Exceptional items	<b>4,428,000</b>	1,538,000
Profit for the year from continuing operations attributable to ordinary shareholders before exceptional items	<b>8,284,000</b>	15,208,000
<b>Basic earnings per share from continuing operations before exceptional items (in €)</b>	<b>0.266</b>	0.488

## 8.2 Diluted Earnings Per Share and Diluted Earnings Per Share Before Exceptional Items

Diluted earnings per share has been calculated by taking the profit attributable to ordinary shareholders and dividing by the weighted average number of shares in issue as diluted by share options. Diluted earnings per share from continuing operations before exceptional items has been calculated by taking the profit attributable to ordinary shareholders and adding back the cost of exceptional items and dividing by the weighted average number of shares in issue, as diluted by share options.

	2010	2009
Profit for the year from continuing operations attributable to ordinary shareholders	<b>3,856,000</b>	13,670,000
Loss for the year from discontinued operations attributable to ordinary shareholders	<b>(411,000)</b>	(216,000)
Profit for the year attributable to ordinary shareholders	<b>3,445,000</b>	13,454,000
Weighted average number of shares	<b>31,135,762</b>	31,135,762
Effect of dilutive share options	<b>703,076</b>	571,332
Weighted average number of dilutive shares	<b>31,838,838</b>	31,707,094
Profit from continuing operations (in €)	0.121	0.431
Loss from discontinuing operations (in €)	(0.013)	(0.007)
<b>Diluted earnings per share (in €)</b>	<b>0.108</b>	0.424
Exceptional items	<b>4,428,000</b>	1,538,000
Profit for the year from continuing operations attributable to ordinary shareholders before exceptional items	<b>8,284,000</b>	15,208,000
<b>Diluted earnings per share from continuing operations before exceptional items (in €)</b>	<b>0.260</b>	0.480

## 9. Dispatch of documents to shareholders

Copies of the Financial Report together with the Notice of Annual General Meeting will be dispatched on Wednesday 30 March 2011. Copies will also be made available electronically from the Group's website at [www.gamingvc.com](http://www.gamingvc.com)

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