GVC Holdings PLC

("GVC" or the "Company" or the "Group")

Preliminary results for year ended 31 December 2015

2016 Trading Update

GVC Holdings PLC (LSE:GVC), a leading online gaming operator in both b2c and b2b markets, is pleased to announce its preliminary results for the year ended 31 December 2015.

2015 highlights

- Net Gaming Revenue (NGR) up 10% on 2014 to €248 million
- Clean EBITDA up 10% to a record €54.1 million
- Profit Before Tax* up 21% to €50.0 million
- Fully diluted EPS (pre-exceptional) up 21% to 80.2 €cents
- Dividends in 2015 increased to 56.0 €cents
- Fifth consecutive year of NGR, Clean EBITDA and dividend growth
- Shareholders approved acquisition of bwin.party on 15 December 2015 which completed on 1 February 2016
- Materially strengthened management team at senior operational level and board
- Product and marketing tools significantly improved during the year

2016 Trading Update

- Q1-2016 Total Group NGR at €167.7 million, up 180% (Q1-2015: €60.0 million) following the acquisition of bwin.party on 1 February 2016.
- Q1-2016, like-for-like, constant currency basis, average NGR per day, up 9%
- Year to 20 April 2016, like-for-like, constant currency basis, average NGR per day increases were:
    - Group: +13%
    - GVC brands: +18%
    - Bwin.party brands: +11%
- PartyPoker shows first year on year quarterly growth for five years
- On track to secure €125 million of synergies by the end of 2017 from enlarged GVC

Financial position

- Gross cash position as at 17 April €327 million
- Group net debt*** as at 17 April €193 million

Kenneth Alexander, Chief Executive of GVC, said:
"GVC has had a momentous year. Not only has the Company seen a fifth consecutive year of revenue and clean EBITDA growth but the completion of the bwin.party acquisition in early 2016 affords us an opportunity to take the Group to the next level.

GVC has never been in a stronger position going forward. The enlarged Group is already enjoying encouraging trading, resulting from our unique mix of diversified products and strong brands. There is much work to be done, nevertheless, with GVC brands and bwin.party brands (including PartyPoker), growing, together with synergy benefits, we look forward with confidence to another successful year."

*excluding exceptional items ** since acquisition ***cash less client liabilities less debt

- ends –

For further information:
GVC Holdings PLC
Kenneth Alexander, Chief Executive — Tel: +44 (0) 20 7398 7702
Richard Cooper, Group Finance Director — www.gvc-plc.com
Nicholas Batram, Head of IR & Corporate Strategy

Cenkos Securities plc — Tel: +44 (0) 20 7397 8900
Mark Connelly, Camilla Hume

Media enquiries:
Bell Pottinger — Tel: +44 (0) 20 3772 2500
David Rydell, James Newman, Anna Legge, Laura Jaques

About GVC Holdings PLC

GVC Holdings PLC is a leading online gaming operator in both b2c and b2b markets. GVC has four main product verticals and its core brands are CasinoClub, Betboo, Sportingbet, bwin,partypoker, partycasino and FoxyBingo. GVC acquired bwin.party digital entertainment plc on 1 February 2016. The Group is headquartered in the Isle of Man and has licences in over 14 countries.

Definitions

bwin.party: bwin.party digital entertainment plc

Enlarged Group: GVC Holdings plc incorporating bwin.party digital entertainment plc

Sports Gross Margin: Sports wagers less payouts.

Sports Gross Margin %: Sports Gross Margin divided by Sports wagers.

Sports Net Gaming Revenue (‘**Sports NGR**’): Sports Gross Margin less free bets and promotional bonuses.

Total Net Gaming Revenue ('**Total NGR**'): Sports NGR + Net gaming stakes less payout winnings less customer bonuses + Other revenues.

Contribution: Total NGR less betting taxes, VAT (imposed by certain EU jurisdictions on either sports or gaming revenue), payment service provider fees, software royalties, commissions, revenue share and marketing costs.

Clean EBITDA: Earnings before interest, taxation, depreciation, amortisation, impairment charges, changes in the fair value of derivative financial instruments, share option charges and exceptional items.

Clean Net Operating Cashflow (**'CNOC'):** Clean EBITDA less: capitalised development costs, net corporate taxes paid, capital expenditure, finance lease payments, net working capital movements and exceptional items of a cash nature.

Chairman's Statement

2015 was a momentous year for the Group. Not only did the Group increase its revenues and Clean EBITDA by 10% in the face of adverse currency movements, but also shareholders voted overwhelmingly for the acquisition of bwin.party on 15 December 2015 which completed on 1 February 2016.

The acquisition was structured as a mixture of a share and cash offer to the bwin.party shareholders; and financed by an equity placing of £150 million and a senior debt facility of €400 million. The Group is thus well resourced to see through its restructuring plan and to derive the targeted cost synergies on the combined businesses.

The Group has augmented its board by the recruitment of three additional non-executive directors: Norbert Teufelberger, who joins us from bwin.party, Stephen Morana and Peter Isola. As a result, we have added significant expertise to the Board in the areas of accounting and finance, regulatory matters and business development. In addition the operating management has been significantly strengthened below the board level with senior appointments in operations, product, sales and marketing and investor relations.

The Group's performance across the year was excellent. Increased and effective marketing in all territories led to: growth in Net Gaming Revenue (NGR), up 10% on 2014 to €248 million; Clean EBITDA up 10% to a record €54.1 million (at the top end of market expectations) and Profit before tax, excluding exceptional items, increasing 21% to €50.0 million. Dividends paid in the year increased from 55.0 €cents to 56.0 €cents. I am pleased to be able to say that the Group has increased its revenues, its Clean EBITDA and its dividends for each of the last five years. As shareholders will be aware, however, one of the conditions of the debt financing in connection with the bwin.party acquisition is a dividend holiday in calendar 2016.

GVC has a proven ability of generating value through successful integration of significant acquisitions and management is confident this will continue. We anticipate generating significant synergistic savings through the integration and restructuring of operations, which we aim to complete over the next 12 months. Our target is to drive €125 million of synergies from the combined businesses, and we remain confident that this can be achieved. However, the opportunity for the enlarged Group goes beyond cost synergies and we are excited by the current growth trends and potential across the breadth of businesses.

The Company has a highly focused and entrepreneurial culture, supported by an employee cash bonus structure as well as its long term incentive plan with market-priced stock options together with a total shareholder return measure. Furthermore I, together with the executive directors, have acquired a highly meaningful personal financial stake which should assure shareholders that our financial interests are closely aligned. Returning cash to shareholders via dividends has been core to the Group's philosophy and this remains the case. As with the Sportingbet acquisition, we aim to return to paying dividends as quickly as our borrowing facilities allow and is prudent from a balance sheet and cash flow perspective.

GVC now has significant scale and capability, and has positioned itself to make further acquisitions if they are sufficiently accretive for shareholders. We operate in a challenging and competitive market but one that also presents significant opportunities. I believe the Group has never been better placed to face these challenges and pursue the many opportunities.

GVC will be posting its Annual Report to shareholders on Saturday 30 April 2016 and it will be uploaded on our website (www.gvc-plc.com) from that date. The AGM will be held in the Isle of Man on Tuesday 24 May 2016. Lastly, I can confirm that we are actively pursuing our stated aim of seeking admission of the enlarged Group to the Premium Segment of the Official List as soon as practicable following publication of the 2015 Annual Report and we will update shareholders accordingly.

Lee Feldman
Chairman and Non-Executive Director
22 April 2016

Report of the Chief Executive Officer

I am pleased to say the Group delivered on all its objectives in 2015, producing a record Clean EBITDA and culminating in the positive vote by shareholders in both GVC and bwin.party for the acquisition of bwin.party which completed on 1 February 2016.

GVC has a strong track record of integrating challenging acquisitions and driving through synergies. The acquisition of Sportingbet in 2013 led to Clean EBITDA in 2015 three times higher than the GVC result in 2012 and turned Sportingbet from being profoundly loss-making into a significant profit contributor to the Group. Dividends during this time more than doubled from 22 €cents per share to 56 €cents last year.

The culture of GVC is to create a dynamic and entrepreneurial working environment, within a professional infrastructure which is imperative given the markets we operate in. As a consequence, GVC has built a strong management team at all levels, alongside highly talented and motivated staff. It is relatively early days but I am delighted to say that bwin.party also has many managers and staff of exceptional calibre, and together we shall drive the enlarged group forward. Our philosophy is about rewarding success and not failure; staff rewards are currently aligned to growth in 2016 NGR compared to 2015, whilst the long term incentive plan for senior management is aligned with the price at which shares were issued in relation to the bwin acquisition, £4.22, and total shareholder return, so option holders can only prosper if shareholders do so too.

I have already evaluated the bwin, Party Gaming, Party Casino, Gioco Digitale and Foxy Bingo brands and am encouraged by what I see – we have in the combined group a great portfolio of assets. There is undoubtedly great potential, but there is also much to be done.

Our challenges for 2016 and beyond are to:

- Quickly assimilate, reorganise and re-energize bwin.party into the GVC group to drive cost synergies and revenue opportunities
- Increase the product quality to improve the customer experience
- Increase the sports margin % and cross-sell additional gaming products to our customers
- Focus marketing expenditure on areas where we can measure the ROI and thus “finely-tune” the campaigns to maximise returns
- Fully leverage the substantial IP across the enlarged group in both B2C and B2B
- Review non-core assets and identify potential disposals
- Inject a cultural change to bwin.party to recognise financial performance as the success trigger for incentives.

I am particularly excited by the growth potential of the enlarged Group, and remain confident that we can secure our target of €125 million synergies within a year, the full benefits of which will be seen in 2018. Although we have only owned bwin.party since the 1st February, I have visited all the key operations and am very encouraged by what I have seen. We have already made progress in increasing the breadth and depth of management and executed a number of product improvements. It is too soon for these developments to have had a material impact, which makes the positive performance of the business in the first quarter of 2016 (see below), even more pleasing. I feel the positive start to 2016 reflects the fact that we acquired, in bwin.party, a business that had stabilised and was capable of returning to growth after some challenging years. Nevertheless, as I commented above, there is still much to be done to derive the inherent value that we believe exists within the bwin businesses.

Looking back at 2015, GVC delivered excellent operational and organic growth across the broad spread of markets in which the Group operates. The Board is pleased to report a significant increase in Sports wagers driving an increase in Clean EBITDA. Due to the impact of €24.5m of exceptional items, of which €23.0m relate to the acquisition of bwin.party, operating profit is down year on year. This also impacts on Profit before tax and Earnings per share. Key financial metrics for GVC on a standalone basis are shown below:

	Percentage Increase	2015 (€)	2014 (€)
Sports wagers	15%	**1.7 billion**	1.5 billion
NGR	10%	**248 million**	225 million
Contribution	10%	**135 million**	123 million
Clean EBITDA	10%	**54.1 million**	49.2 million
Operating profit	(35%)	**27.7 million**	42.9 million
Profit before tax	(38%)	**25.5 million**	41.3 million
Basic EPS		**40.2 €cents**	66.4 €cents
Dividends declared		**56.0 €cents**	55.5 €cents

Totals may not sum due to rounding and percentages have been calculated on the underlying rather than the summarised figures.

The Group has achieved a record level of Clean EBITDA for 2015 at €54.1 million which is 10% higher than the prior year, giving rise to Clean Net Operating Cashflows of €52.9 million.

The combination of GVC and bwin.party's continuing operations for 2015 (less those activities disposed of during the year) would have resulted in the following "aggregated" results:

In €millions	Bwin	Less disposed activities and other adjustments	Restated Bwin	GVC	Aggregated (Unaudited)	Per day
Sports wagers	2,708.5	-	2,708.5	1,683.0	4,391.5	12.0
Sports margin %	9.0%	-	9.0%	9.2%	9.1%	
Total revenues	576.4	(14.3)	562.1	247.7	809.8	2.2
Clean EBITDA (after FX differences)	108.5	0.9	109.4	54.1	163.5	

Both GVC and bwin.party were impacted in 2015 by the full year of Point of Consumption tax on UK gaming revenues and by EU VAT imposed by certain jurisdictions on gaming revenues. The combined impact of that during 2015 when compared to 2014 was around €12.4 million.

Taxes are inevitable headwinds and it is through a balanced and well-diversified product and geographical profile of markets that GVC can best mitigate this exposure. A proforma revenue analysis for 2015 shows that no one market generates more than 25% of NGR and no one individual market which is not locally regulated generates more than 12% of NGR.

Q1-2016 AND CURRENT TRADING

GVC has traditionally focused on "revenue per day" and we shall continue to do so as an easy to understand metric across all its business units.

Average daily KPIs expressed in €000s

	Q1-2016*	Q1-2015	Year on year change	Prior quarter history		
	91 days	90 days		Q2-2015	Q3-2015	Q4-2015
Sports wagers	**10,626**	**4,558**	**133%**	**4,544**	**4,371**	**4,968**
Sports Margin %	*8.8%*	*9.0%*		*8.7%*	*9.9%*	*9.0%*
Sports NGR	**773**	**313**	**147%**	**299**	**337**	**316**
Gaming NGR	**1,016**	**352**	**189%**	**372**	**330**	**396**
Other revenue	**54**	**-**	**-**	**-**	**-**	**-**
Total NGR per day	**1,843**	**665**	**177%**	**671**	**667**	**712**
Total NGR €m	**167.7**	**60.0**	**180%**			

* GVC for the three month period 1 January 2016 to 31 March 2016; bwin.party for the two month period from 1 February 2016 to 31 March 2016
** wagers less payouts before bonuses.

In Q1, Group daily total NGR increased by 177% on the previous year, boosted by the acquisition of bwin.party which was consolidated from 1 February 2016.

Proforma NGR per day in constant currency

€000s

	Q1-2016*	Q1-2015*	Year on year change
GVC	**746**	**665**	**12%**
Bwin.party	**1,791**	**1,659**	**8%**
Group constant currency	**2,537**	**2,324**	**9%**
Group actual	**2,444**	**2,324**	**5%**

GVC daily NGR in constant currency rose 12% in Q1 year on year. Daily NGR at bwin, since it became part of the Group, increased 8% on the comparable period in 2015. For the Group as a whole daily NGR in constant currency rose 9%.

Quarter 2 has also started strongly. Group daily average NGR on a like for like currency basis is up 13% year to date (up to 20 April); GVC brands up 18% and bwin.party brands up 11% (since 1st February). Sports margins have improved within the bwin business, in part reflecting sports results but also improvements implemented since acquisition. We are also pleased with the performance of the gaming activities of bwin.party since acquisition.

At 17 April 2016, gross cash (and cash equivalents) were €327 million; customer liabilities were €120 million; and the principal amount of the Cerberus loan was €400 million, leading to net debt of €193 million. In addition, however, the Group had €52 million of cash in transit with payment processors.

I end my report on a very upbeat note - The Board believe the Group has never been in a stronger position than now, benefitting from robust trading; diversified products and markets; highly motivated staff; and technological opportunities which will allow the Group to prosper. We look forward to a successful year.

Kenneth Alexander
Chief Executive
22 April 2016

REPORT OF THE GROUP FINANCE DIRECTOR

My financial review is in two parts this year: Part One takes readers through the primary financial statements of the GVC group for 2015, whilst Part Two deals with the impact and financing of the bwin.party acquisition.

PART ONE – A REVIEW OF 2015

BUSINESS MODEL

Despite the underlying complexities of the Group, the business of GVC as it existed in 2015 can be presented in a simple and transparent way as the table below illustrates:

		Year ended 31 December 2015		
				Per day
'Formula'		**€000's**	**€000's**	**€000's**
a	**Wagers**		**1,682,955**	**4,611**
b	**Margin %**		**9.2%**	
c = a x b	**Gross margin**		**154,086**	
d	Sports bonus		(40,234)	
e = c + d	**Sports NGR**		**113,852**	
f	**Gaming NGR across all brands**		**133,878**	
g = e + f	**TOTAL NGR**		**247,730**	**679**
h	Variable cost %		45.4%	
j = g x h	Variable costs		(112,369)	
k = g + j	**CONTRIBUTION**		**135,361**	
m	Other expenditure		(81,284)	
n = k + m	**CLEAN EBITDA**		**54,077**	
p = n / g	**CLEAN EBITDA %**		**21.8%**	
q	Exceptional items (non-deal related)	(1,475)		
r	Capitalised development costs	(5,003)		
s	Net corporate taxes paid	(657)		
t	Working capital and other movements	8,916		
u	Capex and lease payments	(2,924)		
v = sum q-u	Total of additional operating cashflows		(1,143)	
w = n + v	**CLEAN NET OPERATING CASHFLOWS ('CNOC')**		**52,934**	
x = w / g	**NOC %**		**21.4%**	
y	**Dividends**		**(34,319)**	
z = y / w	**Dividends as a % of CNOC**		**65%**	

- NGR increased by over 10% from €224.8 million to €247.7 million on wagers of €1.7 billion
- Contribution margin remained at 55%
- EBITDA increased 10% from €49.2 million to €54.1 million. The EBITDA margin remained in line with 2014 at 22% of revenue.
- Operating profit at €27.7 million was 35.4% lower than 2014, due to the impact of exceptional items. Operating profit increased by 21.7% on a normalised basis, excluding exceptional items
- Exceptional items totaled €24.5 million, of which €23.0 million related to bwin.party deal costs
- Basic EPS before exceptional items rose to 80.2 €cents (Diluted EPS before exceptional items: 76.4 €cents), an increase of 20.8%. Basic EPS after exceptional items fell to 40.2 €cents (Diluted EPS: 38.3 €cents)
- CNOC as defined below in table 1, was €52.9 million out of which the Group distributed €34.3 million in dividends equal to a distribution ratio of 65% (2014: €42.6 million, dividend of €33.6 million, distribution ratio 79%)

Table 1: Summary of key financial measures (totals may not sum due to rounding and percentages have been calculated on the underlying rather than the summarised figures).

In €millions	2015	2014	Change	% change
Sports wagers	**1,683.0**	**1,463.5**	**219.5**	**15%**
Sports margin	**9.2%**	**9.8%**		
Sports revenue	113.8	110.2	3.6	3%
Gaming revenue	133.9	114.6	19.3	17%
Total NGR	**247.7**	**224.8**	**22.9**	**10%**
Contribution	**135.4**	**123.3**	**12.1**	**10%**
Contribution divided by Total NGR =	55%	55%		
Expenditure	**(81.3)**	**(74.1)**	**(7.2)**	**(10%)**
Clean EBITDA	**54.1**	**49.2**	**4.9**	**10%**
Clean EBITDA/revenue	22%	22%		
Depreciation and amortisation	(5.0)	(3.9)	(1.1)	(28%)
Share option charges	(0.5)	(0.8)	0.3	38%
Betit and Winunited revaluation	3.6	(1.6)	5.2	325%
Finance charges	(2.2)	(1.6)	(0.6)	(38%)
Profit before Tax and exceptional items	**50.0**	**41.3**	**8.7**	**21%**
Exceptional items	(24.5)	-	(24.5)	-
Taxation	(0.8)	(0.7)	(0.1)	(14%)
Profit after taxation	**24.7**	**40.6**	**(15.9)**	**(39%)**
Basic, non-dilutive EPS in €cents	40.2	66.4		(39%)
Basic pre-exceptional items, non-dilutive EPS in €cents	80.2	66.4		21%
Dividend paid in the year / share in €cents	56.0	55.0		2%
Dividends declared for the year / share in €cents	28.0	55.5		(50%)
Clean net operating cashflows	**52.9**	**42.6**		**24%**
Dividends paid	(34.3)	(33.6)		2%
Cash and cash in transit	**49.9**	**40.0**		
- Cash and cash equivalents	*28.2*	*17.8*		
- Balances with payment processors	*21.7*	*22.2*		
Customer liabilities	(14.8)	(13.0)	(1.8)	(14%)
Net current liabilities	(8.4)	(3.3)	(5.1)	>100%
Non-current liabilities	(22.6)	(6.5)		
- Interest bearing loans and borrowings	*(19.8)*	*(0.4)*		
- Non-interest bearing loan and borrowings	*-*	*(2.8)*		
- Share option liability	*(2.1)*	*-*		
- Deferred consideration on Betboo	*-*	*(1.6)*		
- Betit option liability	*(0.7)*	*(1.7)*		
Shareholder funds	**128.1**	**149.5**		
Number of shares in issue	61,276,480	61,276,480		
Number of shares under option	3,481,947	6,806,947		

REVENUES

Sports wagers grew 15% to €1,683.0 million (2014: €1,463.5 million). They averaged €4.6 million per day and rose to over €4.9 million per day in Q4 (Q4-2014: €4.4 million).

Sports margins differ widely across the multiple markets in which GVC operates as a consequence of the maturity of each market and the sports followed within them. A sports margin of 9.2% (2014: 9.8%) was achieved.

Sports NGR represents the sports gross margin less free bets and promotional bonuses.

Customers have a variety of gaming opportunities ranging from Casino (table games and slots), through to Poker and, in certain markets, Bingo. Sports and gaming revenues are relatively equal now, and in 2015 Sports NGR represented 46% of revenue and Gaming NGR represented 54%. 2015 saw a 10% increase in revenue over 2014, most of which came from growth in Gaming NGR.

Table 2: Average revenues per day since 1 January 2015

€000's	**Q1-2016***	**Q1-2015**	**Q2-2015**	**Q3-2015**	**Q4-2015**
Sports wagers per day	10,626	4,558	4,544	4,371	4,968
Sports margin %	8.8%	9.0%	8.7%	9.9%	9.0%
Total NGR per day	1,843	665	671	667	712

* including bwin.party since 1 February

CONTRIBUTION

Contribution is GVC's measure of revenues less cost of sales, and costs with a high correlation to revenues, such as partner shares, affiliate commissions and other marketing expenditure. Cost of sales includes payment processing charges, software royalties and local betting taxes, and value added taxes where the Group has a liability.

Contribution increased by 10% to €135.4 million, and a constant contribution margin percentage of 55% was achieved (2014: 55%).

EXPENDITURE

In the context of a growing business, absolute costs have increased from €74.1 million to €81.3 million, with cost ratios as a percentage of Total NGR remaining flat at 60%. Staff cost ratios remained broadly level at 19.6% from 19.2%, with 34% of staff costs (2014: 32%) being performance related – chiefly based on Group dividend payments. This should be seen in the context of €34.3 million of dividends paid in 2015, an increase of 2% on the €33.6 million paid in 2014.

Table 3: The principal cash expenditures of the Group (excluding exceptional items) and their percentages

In €millions	**2015**	**% of NGR**	**2014**	**% of NGR**
Staff costs including performance pay	**48.5**	**19.6%**	43.1	19.2%
Technology and product content	**23.7**	**9.6%**	21.0	9.3%
Other costs	**9.1**	**3.6%**	10.0	4.5%
	81.3	**32.8%**	74.1	33.0%

CLEAN EBITDA

The Group aims to achieve a clean EBITDA margin of not less than 20%.

Clean EBITDA rose 10% to €54.1 million (2014: €49.2 million), and a 22% margin on NGR was achieved, in line with 2014.

NON-CASH ITEMS OF AN ACCOUNTING NATURE

Depreciation of Property, Plant and Equipment rose in the year to €0.9 million (2014: €0.7 million) on total acquisitions of €1.2 million.

Amortisation of Intangible Assets increased to €4.1 million (2014: €3.2 million) driven by the €5.0 million acquisition of additional software and software development costs to further strengthen our mobile and tablet offering.

Finance charges increased by €0.6m this year, driven by €1.2m effective interest on the €20.0 million loan drawn down in September 2015 from Cerberus. Other finance charges included an imputed cost (as per IAS 39) on the interest free loan from William Hill of €0.2 million (2014: €0.2m); €0.1 million (2014: €0.7 million) on the unwinding of the discount on the deferred consideration arising from the 2009 acquisition of Betboo; €0.6 million on the retranslation of the GBP denominated William Hill loan and leased software assets (2014: €0.6 million) and €0.1 million (2014: €0.1 million) in respect of finance charges on leased software assets.

Share option charges amounted to €0.5 million (2014: €0.8 million). The charge for 2015 represented the ongoing charges arising from the share options awarded and announced on 2 June 2014, net of adjustments for movements in the fair value of cash settled options and share options forfeited by an employee leaving. At the year end, the Group had 3.3 million share options granted to directors and officers (5.4% of the existing issued share capital although its permitted allocation was 16.8% of the issued share capital (page 354 of the January 2013 prospectus)). During the year, directors surrendered 3,200,000 fully vested share options and were awarded associated cash settlements of €12.2 million, which has been recognised as a deduction from equity. These cash payments were to be made over a two year period, but were subsequently put on hold pending the outcome of the bwin.party acquisition. These were fully settled on 1 February 2016, and re-invested into new shares as part of the placing of shares on completion of the bwin.party deal.

Betit and other revaluations: In accordance with IAS 39 'Financial Instruments: Recognition and Measurement', the Group recognises the option to acquire further shares in both Betit and Winunited (a B2B contract entered into in March 2015) at their fair value, and also revalues the investment in Betit which is recognised as an available-for-sale (AFS) asset. Betit underperformed against its previous forecast provided by the Betit management, which decreases the expected value of the asset but also decreases the expected cost of the options. The call/put options with Betit now have a net liability of €0.7 million (2014: €1.7 million), and the AFS asset has decreased in value by €1.2 million, from a value of €3.8 million in 2014. The movement on Betit is therefore a net cost of €0.2 million. The Winunited option was valued at €3.8 million, which represents a gain of €3.8 million. Overall, the revaluations result in a net credit to the Income Statement of €3.6 million.

EXCEPTIONAL ITEMS

During 2015, the Group incurred €24.5 million of exceptional costs. Of this, €23.0 million related to deal costs on the acquisition of bwin.party and consisted mainly of legal and professional fees and the cost of taking out a Euro/GBP hedge.

As part of the requirements for the acquisition of bwin.party, GVC had to "cash-confirm" that it had sufficient GBP funds to meet the obligations of the acquisition; namely 25p in cash per bwin.party share. As the loan facility from Cerberus was denominated in Euro, an American style call option was purchased for €5.3 million on 4 September 2015 to sell €365,000,000 and purchase £256,138,750 (a rate of £1:€1.4250). The counterparty to this trade was Nomura.

On 18 December 2015, it was decided to terminate this option and replace its cash-confirmation obligations with a "flexible-forward", a forward contract with option components. Entering into this transaction resulted in a refund of €5.6 million and a new sale of €365,000,000 and purchase of £260,719,500 (a rate of £1:€1.400).

By 31 December, foreign exchange rates had moved and the rate used by GVC for the translation of its GBP current assets and current liabilities was £1:€1.36249, whilst the effective rate behind the valuation of the GBP obligation under the flexible forward was €1.3621. This resulted in a revaluation charge of €9.9 million shown as a forward contract liability. This is shown in more detail in the tables below:

Table 4: forward contract movements

	Paid	Received	P&L	Balance at 31.12.15
Details	€000s	€000s	€000s	€000s
Arrangement cashflows	(5,329)	5,675	346	-
Arrangement valuations	-	-	(9,877)	(9,877)
	(5,329)	5,675	(9,531)	(9,877)

Euro sale under flexible forward	€365,000,000
Rate	€1.4000
GBP purchase under flexible forward	£260,719,500
Implicit rate in valuation	€1.3621
Revaluation	€355,123,000
Valuation expense	€9,877,000

EARNINGS PER SHARE

Table 5: Earnings per share

Basic EPS:	before exceptional items	80.2 €cents (2014: 66.4 €cents)
	after exceptional items	40.2 €cents (2014: 66.4 €cents)
Diluted EPS:	before exceptional items	76.4 €cents (2014: 61.4 €cents)
	after exceptional items	38.3 €cents (2014: 61.4 €cents)

The diluted EPS is affected by two components: grants of share options granted to employees and directors, and warrants granted to third parties pursuant to underwriting arrangements entered into in contemplation of the Sportingbet acquisition which completed in March 2013.

DIVIDENDS

Table 6: History of dividends paid and declared since 1 July 2014

Declaration date	Fiscal year 2014 €cents	Fiscal year 2015 €cents	Paid 2015 €cents	Payable 2016 €cents
15 July 2014	12.5	-	-	-
22 September 2014	15.0	-	-	-
12 January 2015	12.5	-	12.5	-
20 March 2015	15.5	-	15.5	-
8 July 2015	-	14.0	14.0	-
8 October 2015	-	14.0	14.0	-
	55.5	28.0	56.0	-

Up until the announcement of its bid for bwin.party in November 2015, the Group was committed to paying dividends on a quarterly basis and paying a cash amount broadly equivalent to 75% of its Clean Net Operating Cashflows, taking into account an assessment of its working capital needs. The actual percentages were 65% in 2015 and 79% in 2014. Details of the Clean Net Operating Cashflow calculation are included in table 7 below.

On 4 September 2015, the Company announced a dividend holiday in the calendar year 2016 as a result of the impending acquisition of bwin.party and the consequential combination of debt covenants that will be applicable and the intended restructuring of the Group.

SUMMARISED CASHFLOW

The Group's cashflow position for 2015 is summarised below:

Table 7: Summarised cashflow

		2015		2014
	€000's	**€000's**	**€000's**	**€000's**
Clean EBITDA		**54,077**		**49,162**
Exceptional items (non-acquisition related)		(1,475)		-
Capitalised software development		(5,003)		(3,343)
Net payment of corporate taxes		(657)		(508)
Equipment purchased		(1,156)		(802)
Asset lease repayments		(1,768)		(1,149)
Working capital and other movements		8,916		(742)
CLEAN NET OPERATING CASHFLOWS ('CNOC')		**52,934**		**42,618**
Dividends paid		**(34,319)**		**(33,607)**
Dividends as a % of CNOC		**65%**		**79%**
OTHER CASHFLOWS				
- Betboo earn-outs		(2,401)		(4,339)
- Investment in Betit		-		(3,649)
- Proceeds from exercise of share options		-		854
- Settlement of share options		(509)		-
- Sportingbet: William Hill loan instalments		(3,245)		(2,856)
ACQUISITION CASHFLOWS: bwin.party				
- Cerberus drawdown	20,000		-	
- Cerberus financing costs	(7,025)		-	
- Cerberus legal fees	(1,950)		-	
- Other legal and professional fees	(13,490)		-	
- Option payment	(5,329)		-	
- Hedge receipts	5,675		-	
		(2,119)		-
		10,341		**(979)**
Cash and cash equivalents at the beginning of the year		17,829		18,808
Cash and cash equivalents at the end of the year		**28,170**		**17,829**
Amount, in €cents per share		**46.0**		**29.1**

SUMMARISED BALANCE SHEET AND LIQUIDITY

The net position is affected by the timing of the dividend payments, which totalled €34.3 million during 2015 (2014: €33.6 million). Such is the strategy of the Group towards its dividend payments that GVC aimed to keep its Net Current Assets relatively equal to its Net Current Liabilities, but ensuring at all times that its balances with customers are covered and meet regulatory requirements.

Table 8: Balance Sheet and Customer liquidity position as at 31 December 2015

		Balance sheet	Customer liquidity coverage
	€000's	**€000's**	**€000's**
Non-current assets		159,166	
Balances with payment processors		21,708	21,708
Prepayments – deal related	7,651		
Prepayments - other	3,888		
		11,539	
Restricted cash*	6,838		
Free cash	21,332		
		28,170	28,170
Trade and other payables		(32,016)	
Balances with customers		(14,808)	(14,808)
Loans and leases: current	(3,711)		
Loans and leases: non-current – deal related	(19,821)		
		(23,532)	
Forward contract – deal related		(9,877)	
Share option liability: current	(9,740)		
Share option liability: non-current	(2,036)		
		(11,776)	
Option liability: non-current		(736)	
Other net current assets		286	
Total		128,124	35,070

** Restricted cash refers to balances at banks where the cash has to be ring-fenced for regulatory reasons.*

NON-CURRENT LIABILITIES

These consist of three principal items: the initial loan draw down from Cerberus; share option liabilities due in 2017; and the Betit put option.

a.) Loan from Cerberus: initial draw down

On 4 September 2015, the Group drew down €20.0 million of its €400.0 million facility with Cerberus. The initial drawdown was utilised to pay for professional fees and upfront loan costs, including a foreign currency option for converting the loan receipts into GBP in order to settle the acquisition price for bwin.party and associated costs. The effective interest rate has been calculated based on anticipated costs including loan arrangement and drawdown fees, ongoing interest payments, and other amounts payable during the period of the loan. The loan is repayable in full by 4 September 2017.

b.) Share option liability

During the year, directors surrendered 3,200,000 fully vested share options and were awarded associated cash settlements of €12.2 million, which has been recognised as a deduction from equity.

These cash payments were to be made over a two year period, but were subsequently put on hold pending the outcome of the bwin.party acquisition, and have been fully settled following completion of the acquisition. At the year end, one payment had been made, on an "on account" basis, and the liability, which is denominated in GBP, was restated in Euros. The balance at 31 December 2015 was €11.7 million, of which €9.7 million was a current liability and €2.0 million was non-current, based on the original payment schedules.

c.) Betit option liability

In accordance with the requirements of IAS 39, the options embedded in the Betit contract are required to be measured at fair value and recognised in the Statement of Financial Position. Based on the valuation at 31 December 2015, the net liability is now €0.7 million, reduced from €1.7 million at 31 December 2014. The options are potentially exercisable, subject to certain conditions, between 1 July 2017 and 30 September 2017.

SUMMARY OF MOVEMENTS IN THE STATEMENT OF FINANCIAL POSITION

A bridge between the 2014 and 2015 financial position is shown below in table 9:

Table 9: Statement of financial position bridge

		Total €000's
At 1 January 2015		149,458
Profit before tax	25,506	
Tax charge	(847)	
		24,659
Share based payment charges on equity settled options		509
Share options surrendered		(12,183)
Dividends paid		(34,319)
At 31 December 2015		**128,124**

No share options were exercised during the year and no shares were issued.

CURRENCY EXPOSURES

During the year, the charge to Operating Costs within the Income Statement from realised and unrealised foreign exchange was €1.0 million. In addition the William Hill loan is denominated in Sterling (£4.6 million at 1 January 2015) and incurred an unrealised loss of €0.5 million included within Financial Expenses. Also included within Financial Expenses are the foreign exchange differences arising on the finance leases. Many non-Euro currencies are handled by the Group's payment processing intermediaries up-front.

Additionally, the Net Current Assets of the Group are revalued each month at month-end exchange rates and this also results in exchange gains and losses. The principal revaluations are for customer liabilities, although these are now largely currency matched to produce a natural hedge.

In anticipation of the bwin.party acquisition, the Group entered into a foreign currency option in order to enable the Euro-denominated Cerberus loan to be converted into GBP for the purchase of shares and the settlement of associated costs incurred in GBP. This instrument has been stated at fair value at 31 December 2015.

Key foreign exchange rates are shown in the table below:

Table 10: Currency rates against the Euro

	1 Jan 2014	**30 Jun 2014**	**31 Dec 2014**	**30 Jun 2015**	**31 Dec 2015**	**Average 2014**	**Average 2015**
UK (GBP)	0.831	0.802	0.779	0.711	0.734	0.803	0.724
Brazil (BRL)	3.254	3.000	3.224	3.470	4.312	3.110	3.710
Turkey (TRY)	2.959	2.897	2.829	2.995	3.177	2.894	3.031
Israel (ILS)	4.775	4.695	4.720	4.207	4.248	4.739	4.308

As the Group's operations result in a currency mis-match between income and costs (long Euro, short GBP), the Group is retaining a significant GBP bank balance which will of course be subject to foreign exchange revaluation at each balance sheet date.

CERBERUS LOAN FACILITY

The senior loan facility from Cerberus Business Finance LLC has a number of components other than simple interest and therefore there are significant differences between the cash profile of the payments and the accounting recognition. Firstly the deal and associated fees need to be allocated to each portion of the draw-down; secondly, they need to be expensed over the two year period of the loan facility. The simple interest on the loan is 11.5% above a 1% EURIBOR floor. This floor has been identified as an "embedded derivative", which is not material at 31 December 2015 in respect of the initial draw-down and will be evaluated again when the second tranche is drawn down in 2016. The tables below show each of the fee components, how they are allocated and in which year the charges would arise.

Table 11: Allocation of the fees to each draw-down

	Fee %	Initial 4 Sept 2015 €000's	Final 2 Feb 2016 €000's	Total €000's
Principal amount		20,000	380,000	400,000
Facility fee	1.0%	200	3,800	4,000
Draw-down fee	2.0%	400	7,600	8,000
Extension fee	0.5%	-	2,000	2,000
Anniversary fee*	1.0%	200	3,800	4,000
18 month fee*	2.5%	500	9,500	10,000
Exit fee	3.0%	600	11,400	12,000
Legal fees		98	1,853	1,950
Total arrangement fees		**1,998**	**39,953**	**41,950**

* these items are required to be accounted for in 2015 whether or not the loan remains in place at 2 February 2017 or 2 August 2017

Table 12: Accounting allocation and cash profile (assuming the loan reaches maturity on 4 September 2017)

	Fee %	2015 €000's	2016 €000's	2017 €000's	Total €000's
Accounting allocation					
Facility fee	1.0%	33	2,288	1,679	4,000
Draw-down fee	2.0%	65	4,577	3,358	8,000
Extension fee	0.5%	-	1,152	848	2,000
Anniversary fee	1.0%	33	2,288	1,679	4,000
18 month fee	2.5%	81	5,721	4,198	10,000
Exit fee	3.0%	98	6,865	5,037	12,000
Legal fees		16	1,116	819	1,950
Total arrangement fees		325	24,007	17,618	41,950
Maintenance fees	€100k/qtr	100	400	232	733
Interest	12.5%	819	46,611	34,174	81,604
Total anticipated finance charge		**1,245**	**71,018**	**52,024**	**124,287**
Cash profile					
Fees		8,479	8,000	26,203	42,683
Interest		625	38,653	42,326	81,604
		9,104	**46,653**	**68,530**	**124,287**

Table 13: Loan components in 2015

	Borrowed in year €000's	Payments in year €000's	Interest charge €000's	Prepaid €000's	Total €000's
Principal amount	20,000	-	-	-	20,000
Fees	-	(8,479)	426	7,680	(373)
Interest	-	(625)	819	-	194
	20,000	**(9,104)**	**1,245**	**7,680**	**19,821**
			Note 4	*Included in note 11*	*Note 14.1*

PART TWO – POST BALANCE SHEET EVENT: THE ACQUISITION OF BWIN.PARTY

The acquisition completed on 1 February 2016. The GVC share price used to account for the acquisition will be £4.67. The share price at which the related £150 million placing of new ordinary shares was effected and the strike price at which share options were issued pursuant to the 2015 LTIP was £4.22. The rate of exchange between sterling and the Euro used for the acquisition accounting will be £1 = €1.3205.

The number of bwin.party shares subject to the mix and match election was 843,469,689, and the number of shares placed by GVC was 35,545,024. The offer for bwin.party was 0.231 GVC shares and 25 pence for each bwin.party share. In addition, there was the cost of cashing out the cash-settled options of £21.4 million.

The gross acquisition value of bwin.party is therefore:

Equity component	843,469,689 x 0.231 = 194,841,498 shares at £4.67 =	£909.9m		
		+		
Cash component	843,469,689 x 0.25 =	£210.9m		
		+		
Option component		£21.4m		
		£1,142.2m	@ 1.3205 =	€1,508.2m

Our early work on the acquisition balance sheet suggests a purchase price allocation of €608 million for the brand, platform and customer relationships.

The acquisition, plus additional working capital, and funds to settle inherited debts and pay acquisition costs was financed through a combination of:

Shares issued to bwin.party shareholders			£909.9m
Shares issued to placees			£150.0m
Total GBP components			£1,059.9m
Translated into Euro at 1.3205			€1,399.6m
Senior debt facility from Cerberus Business Finance LLC			€400.0m
Total finance raised			€1,799.6m
Less:			
Share and cash offer to bwin.party share and option holder			(€1,508.2m)
Existing bwin.party debt discharged*			(€56.7m)
Deal costs	Bwin.party	GVC	
- Discharged before 31 December 2015	€4.2m	€13.5m	
- Discharged since 1 January 2016	€8.8m	€16.9m	
			(€43.4m)
Other liabilities contractually discharged at or near deal close			(€3.2m)
FUNDS AVAILABLE FOR WORKING CAPITAL AND RESTRUCTURING			**€188.1m**

** includes any and all amounts repaid since 31 December 2015 including any interest and break fees*

I can now turn to the condensed aggregated balance sheet, income statement and cash flow statement of the combined entities as they would have looked for the year ended 31 December 2015, making adjustments for the businesses which bwin.party disposed of during 2015.

The aggregated statements do not reflect the accounting for the business combination, whereby assets and liabilities acquired will be fair valued, and goodwill will be recognised by the Group, nor the funding for the acquisition, with consequential impacts on the income statement. Please note that the aggregated balance sheet, income statement and cash flow statement have not been prepared on the same basis as the Unaudited Pro Forma Information of the Enlarged Group included in Part 7 of the Prospectus prepared by GVC in connection with the bwin.party acquisition.

The figures of GVC Group have been aggregated with the bwin.party figures which have been audited by their respective independent auditors.

A balance sheet prepared as an aggregation of the enlarged Group at 31 December 2015 is shown below:

AGGREGATED BALANCE SHEET
As at 31 December 2015

€ millions	Bwin (audited)	GVC	Aggregated (Unaudited)
Non-current assets			
Intangible assets	512.3	155.1	**667.4**
Property plant and equipment	48.6	1.4	**50.0**
Available for sale financial assets	3.7	2.6	**6.3**
Other investments	1.1		**1.1**
Deferred consideration receivable	6.4		**6.4**
Deferred tax	2.0		**2.0**
	574.1	**159.1**	**733.2**
Current assets			
*Cash, cash equivalents and short-term investments	166.4	28.2	**194.6**
*Payment processor balances	30.9	21.7	**52.6**
Deferred consideration receivable	6.0	-	**6.0**
Assets held for sale	14.5	3.8	**18.3**
Income taxes receivable	-	6.0	**6.0**
Other receivables and prepayments	63.4	12.9	**76.3**
	281.2	**72.6**	**353.8**
Current liabilities			
*Customer liabilities	(106.3)	(14.8)	**(121.1)**
*Progressive prize pools	(8.6)		**(8.6)**
Accrued deal costs	**-**	**-**	**-**
Trade and other payables	(110.2)	(32.0)	**(142.2)**
Income and gaming taxes payable	(34.7)	(9.3)	**(44.0)**
Hedging instrument liability	**-**	(9.9)	**(9.9)**
Share option liability	**-**	(9.7)	**(9.7)**
*Loans and borrowings	(6.8)	(3.7)	**(10.5)**
Provision for onerous contracts	(8.1)	**-**	**(8.1)**
Contingent consideration payable	(0.8)	(1.6)	**(2.4)**
	(275.5)	**(81.0)**	**(356.5)**
Non-current liabilities			
Contingent consideration payable and similar	(4.4)	(0.7)	**(5.1)**
*Loans and borrowings	(49.7)	(19.8)	**(69.5)**
Share option liability	**-**	(2.1)	**(2.1)**
Deferred tax	(26.1)	**-**	**(26.1)**
	(80.2)	**(22.6)**	**(102.8)**
Total net current assets	5.7	(8.4)	**(2.7)**
Total of net current assets less non-current liabilities	(74.5)	(31.0)	**(105.5)**
Total net assets	**499.6**	**128.1**	**627.7**
***Net cash/(net debt)**	25.9	11.6	**37.5**

There are a number of liabilities which are split between current and non-current. The table below summarises these:

As at 31 December 2015 € million	**Bwin** (audited)	**GVC**	**Aggregated (Unaudited)**
Memorandum: total of deferred consideration payable	(5.2)	(2.3)	**(7.5)**
Memorandum: total of loans and indebtedness	(56.5)	(23.5)	**(80.0)**
Memorandum: share option liability discharged on acquisition	-	(11.8)	**(11.8)**

An Income statement, aggregated as if bwin.party had been acquired on 1 January 2015, would appear as below:

AGGREGATED INCOME STATEMENT

Year ended 31 December 2015 € millions	**Bwin**	**Disposals**	**Reclassification**	**Bwin restated**	**GVC**	**Aggregated (Unaudited)**
Sports wagers	2,708.5			2,708.5	1,683.0	**4,391.5**
Sports margin %	9.02%			9.02%	9.16%	**9.07%**
Sports margin	244.3			244.3	154.1	**398.4**
Sports NGR	220.6			220.6	113.9	**334.5**
Gaming	355.8	(14.3)	-	341.5	133.8	**475.3**
TOTAL REVENUES	576.4	(14.3)	-	562.1	247.7	**809.8**
Variable costs	(278.8)	7.0	-	(271.8)	(112.3)	**(384.1)**
Contribution	297.6	(7.3)	-	290.3	135.4	**425.7**
Contribution %	51.6%	51.0%	-	51.6%	54.6%	**52.6%**
Expenditure	(189.1)	5.2	3.0	(180.9)	(81.3)	**(262.2)**
Clean EBITDA	**108.5**	**(2.1)**	**3.0**	**109.4**	**54.1**	**163.5**
Deal costs and similar*	(25.3)			(25.3)	(23.3)	**(48.6)**
Other exceptional items*	(9.8)			(9.8)	-	**(9.8)**
Retrospective gaming taxes*	(8.9)			(8.9)	(1.2)	**(10.1)**
Net financial income/(expense)	1.4	-	(3.0)	(1.6)	(2.3)	**(3.9)**
Depreciation, Amortisation	(68.0)			(68.0)	(5.0)	**(73.0)**
Impairments and similar items	(7.9)			(7.9)	3.6	**(4.3)**
Share option charges	(33.2)			(33.2)	(0.4)	**(33.6)**
Other costs	3.0			3.0	-	**3.0**
Profit before tax	**(40.2)**	**(2.1)**	**-**	**(42.3)**	**25.5**	**(16.8)**
Taxation	(4.2)			(4.2)	(0.8)	**(5.0)**
Profit/(loss) for the year	(44.4)	(2.1)	-	(46.5)	24.7	**(21.8)**
Normalised profit for the year (* added back)						**46.7**

A cash flow, aggregated as if bwin.party had been acquired on 1 January 2015, would appear as below:

AGGREGATED CASH FLOW

Year ended 31 December 2015 € millions	**Bwin**	**Disposals**	**Reclassification**	**Bwin restated**	**GVC**	**Aggregated (Unaudited)**
Clean EBITDA	**108.5**	**(2.1)**	**3.0**	**109.4**	**54.1**	**163.5**
Plant and equipment	(38.3)			(38.3)	(1.2)	**(39.5)**
Capitalised development costs	(19.4)			(19.4)	(5.0)	**(24.4)**
Exceptional items incurred in cash	-			-	(1.5)	**(1.5)**
Debt & Lease repayments	(3.6)			(3.6)	(5.0)	**(8.6)**
Investments made and similar	2.8			2.8	-	**2.8**
Earn-out repayments				-	(2.4)	**(2.4)**
Cash settled share options				-	(0.5)	**(0.5)**
Loans drawn down (gross)				-	20.0	**20.0**
Draw down fees, interest and legal expenses				-	(9.0)	**(9.0)**
Other deal related professional fees				-	(13.5)	**(13.5)**
FX option premium paid, less return of premium received				-	0.3	**0.3**
Net finance expenses	(0.8)			(0.8)		**(0.8)**
Net payment of taxes	(8.2)			(8.2)		**(8.2)**
Net issue of shares	0.2			0.2		**0.2**
Working capital movements	(10.1)			(10.1)	8.4	**(1.7)**
Cash movement for the year before dividend	31.1	(2.1)	3.0	32.0	44.7	**76.7**
Dividend paid	(43.2)			(43.2)	(34.3)	**(77.5)**
Cash movement for year	(12.1)	(2.1)	3.0	(11.2)	10.4	**(0.8)**
Cash at start of year	164.4	-	13.5	177.9	17.8	**195.7**
Cash at end of year	152.3	(2.1)	16.5	166.7	28.2	**194.9**
Clean net operating cash flow	31.7	-	-	31.7	52.9	**84.6**

Future trading updates and financial calendar

It is anticipated that GVC will make further announcements on or around the following dates:

W/c 25 April 2016	Publication of Report and Accounts on the Company's website, www.gvc-plc.com
30 April 2016	Posting of Report and Accounts and Notice of AGM
24 May 2016	AGM trading update, Result of AGM
July 2016	H1 trading update
September 2016	Interim results

Richard Cooper
Group Finance Director
22 April 2016

PRINCIPAL RISKS AND UNCERTAINTIES

There are a number of potential risks and uncertainties which could have a material impact on the Group's future performance. To mitigate against these risks, the Group conducts a continuous process of assessments that examine whether any risk has increased, decreased or become obsolete; identify new risks; and evaluate the likelihood of each risk occurring and the impact it would have on the Group.

The key risks and how we seek to manage them are set out below:

Risks and uncertainties	**Mitigation**
Technology	
The Group may be threatened by Denial of Service attacks or similar.	The Group has highly advanced preventative measures with world-class technology firms.
Natural or man-made disasters may affect continuity of operations, undermining player confidence.	Disaster recovery and business continuity solutions are in place and tested regularly.
With technological advances and continuous shifts in how consumers access our services, maintaining and improving technology may become more complex.	Focus on developing customer experience, for example through an expanded mobile offering.
Following the acquisition of bwin.party, the Group is undertaking a significant technology platform migration, which carries a project risk.	Close monitoring by management; reporting up to the Board regularly.
Regulatory	
Conflict between jurisdictions in which the customer resides and where the service is provided; risk of enforcement action.	Strict adherence to the laws of the jurisdiction in which the service is provided and the rules and protocols in nationally regulated markets.
In some markets regulation is not clearly defined or adopted; there may be changes in regulation in all markets.	Close monitoring of regulatory developments and assessment of their longer term impact. Maintenance of a diversified product portfolio.
Taxation	
Imposition of additional gaming or other indirect taxes.	May not be possible to mitigate. However, payment of additional taxes may create opportunities to work with governments and gain market benefits.
Transfer pricing between group entities could be challenged by the tax authorities.	Intra-group transactions are documented and take place on commercial terms. Regular review of all tax arrangements and update transfer pricing when required.
Changes in VAT rules within the EU impacting the digital economy.	Monitor the situation, as significant uncertainty remains.

Risks and uncertainties	Mitigation
Economic	
Conditions in the Eurozone remain challenging and this may erode customer base confidence and spending power.	Customer retention programmes. Broader geographic spread of products.
Foreign exchange movements; risk of certain countries exiting the Euro.	The Group tries to match its income and cost exposures to create a natural hedge. Regular evaluation of low cost hedging opportunities. Wherever practical, financial assets held within certain countries are limited so they do not exceed the financial liabilities in that jurisdiction.
Brexit: if the outcome of the June referendum is that the UK leaves the EU, this may increase the volatility of global currency and financial markets. In addition, it may reduce the Group's ability to operate in certain EU markets without a change in domiciliation, which could carry a higher tax burden.	Monitor the situation. The Group has licences in a number of EU countries including: Malta, Denmark, Italy, France, Romania, Greece, Germany, as well as licences in the Brexit zone (UK, Gibraltar).
Financial	
Increases in EURIBOR will increase the interest cost for the Group. The loan arrangements contain covenants which, if breached, would trigger early repayment of the facility.	Maintenance of cash headroom mitigates some interest rate risk and provides flexibility of early repayment. Covenants are monitored on a monthly basis.
Operational	
The market place becomes more competitive via new entrants or more attractive products available from those or existing competitors.	Monitoring of the competitive landscape. Working with software providers to enhance the product offering.
Withdrawal of payment processing facilities.	Multiple payment processing methods used by the Group.
Reliance on third party payment and multi-currency processing systems.	Spreading of risk across payment processors with varying deposit and withdrawal methods.
Dependence on third party software.	Long-term contracts in place with key suppliers.
Dependence on key personnel.	There is a broad base of executives below Board level which has been strengthened with recent joiners.
Loss of major introducer of business.	Competitive revenue sharing models applied and monitored regularly. Key introducers are offered long-term revenue prospects with the Group to ensure alignment of financial interests.
Loss of major customer.	Highly diversified customer base with thousands of customers across all brands.
Poor sports results.	Sports represents c.50% of the Group's net gaming revenue and as a matter of policy they are not hedged as over the longer term sports results trend to the Group's expected margin percentage.

Risks and uncertainties	**Mitigation**
Operational (continued)	
Abnormal jackpot wins.	Revenues from some business lines have a jackpot insurance policy; others do not, as a matter of policy.
Business integration process following the acquisition of bwin.party: risk of business disruption and the impact on staff; risk of unexpected costs or constraints on delivering expected synergies.	Regular monitoring by management.

For and on behalf of the Board of GVC Holdings PLC.

Richard Cooper
Group Finance Director
Registered office: 32 Athol Street, Douglas, Isle of Man, IM1 1JB

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2015

	Notes	**2015** **€000's**	2014 €000's
Net Gaming Revenue	2	**247,730**	224,801
Cost of sales		**(112,369)**	(101,513)
Contribution	2	**135,361**	123,288
Administrative costs	3	**(81,284)**	(74,126)
Clean EBITDA		**54,077**	49,162
Share option charges	3	**(449)**	(736)
Exceptional items	3	**(24,496)**	-
Depreciation and amortisation	3, 6	**(4,985)**	(3,912)
Impairment of available for sale asset	7	**(1,216)**	(1,593)
Changes in the fair value of derivative financial instruments	8	**4,817**	-
Operating profit		**27,748**	42,921
Financial income	4	**4**	16
Financial expense	4	**(2,246)**	(1,646)
Profit before tax		**25,506**	41,291
Taxation expense		**(847)**	(728)
Profit after tax		**24,659**	40,563
Earnings per share		**€**	€
Basic	5	**0.402**	0.664
Diluted	5	**0.383**	0.614

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2015

	2015	2014
	€000's	€000's
Profit for the year	**24,659**	40,563
Total comprehensive income for the year	**24,659**	40,563

The notes below form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2015

	Notes	2015 €000's	2014 €000's
Assets			
Property, plant and equipment		**1,428**	1,147
Intangible assets	6	**155,153**	154,260
Available for sale financial asset	7	**2,585**	3,801
Total non-current assets		**159,166**	159,208
Trade and other receivables		**34,618**	27,605
Winunited option asset	8	**3,808**	-
Income taxes reclaimable		**5,972**	3,925
Other tax reclaimable		**12**	139
Cash and cash equivalents		**28,170**	17,829
Total current assets		**72,580**	49,498
Total assets		**231,746**	**208,706**
Current liabilities			
Trade and other payables		**(32,016)**	(26,777)
Balances with customers		**(14,808)**	(13,036)
Amounts due under finance leases		**(691)**	(1,362)
Non-interest bearing loans and borrowings	9	**(3,020)**	(2,735)
Deferred consideration on Betboo		**(1,606)**	(2,347)
Share option liability	11	**(9,740)**	(184)
Forward contract liability	3	**(9,877)**	-
Income taxes payable		**(7,251)**	(5,014)
Other taxation payable		**(2,020)**	(1,338)
Total current liabilities		**(81,029)**	(52,793)
Current assets less current liabilities		**(8,449)**	(3,295)
Non-current liabilities			
Interest bearing loans and borrowings	9	**(19,821)**	(327)
Non-interest bearing loans and borrowings	9	**-**	(2,777)
Share option liability	11	**(2,036)**	-
Betit option liability	8	**(736)**	(1,745)
Deferred consideration on Betboo		**-**	(1,606)
Total non-current liabilities		**(22,593)**	(6,455)
Total net assets		**128,124**	149,458
Capital and reserves			
Issued share capital	10	**613**	613
Merger reserve	10	**40,407**	40,407
Share premium	10	**85,380**	85,380
Translation reserve	10	**359**	359
Retained earnings	10	**1,365**	22,699
Total equity attributable to equity holders of the parent		**128,124**	149,458

The financial statements were approved and authorised for issue by the Board of Directors on 22 April 2016 and signed on their behalf by:

K.J. Alexander (Chief Executive Officer)

R.Q.M. Cooper (Group Finance Director)

The notes below form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2015

Attributable to equity holders of the parent company:

	Notes	**Share Capital €000's**	**Merger Reserve €000's**	**Share Premium €000's**	**Translation Reserve €000's**	**Retained Earnings* €000's**	**Total €000's**
Balance at 1 January 2014		609	40,407	84,530	359	15,191	141,096
Share option charges**		-	-	-	-	552	552
Share options exercised		4	-	850	-	-	854
Dividend paid		-	-	-	-	(33,607)	(33,607)
Transactions with owners		4	-	850	-	(33,055)	(32,201)
Profit for the year		-	-	-	-	40,563	40,563
Total comprehensive income for the year		-	-	-	-	40,563	40,563
Balance as at 31 December 2014		613	40,407	85,380	359	22,699	149,458
Balance at 1 January 2015		613	40,407	85,380	359	22,699	**149,458**
Share option charges**	11	-	-	-	-	509	**509**
Share options surrendered	11	-	-	-	-	(12,183)	**(12,183)**
Share options exercised	11	-	-	-	-	-	**-**
Dividend paid		-	-	-	-	(34,319)	**(34,319)**
Transactions with owners			-		-	(45,993)	**(45,993)**
Profit for the year		-	-	-	-	24,659	**24,659**
Other comprehensive income for the year		-	-	-	-	-	**-**
Total comprehensive income for the year		-	-	-	-	24,659	**24,659**
Balance as at 31 December 2015		**613**	**40,407**	**85,380**	**359**	**1,365**	**128,124**

**the share option reserve included within retained earnings at 31 December 2015 amounted to a debit balance of €6,955,345, largely due to the surrender of fully vested share options during 2015, now recognised as a liability.*
***total share option charge per the Consolidated Income Statement amounted to €449,231, the difference being a net credit to the cash settled share option expense of €59,282 which is not taken directly to retained earnings.*

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 at the time of distribution (section 49, Companies Act Isle of Man 2006).

The notes below form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2015

	Notes	**2015 €000's**	2014 €000's
Cash flows from operating activities			
Cash receipts from customers		**248,227**	221,048
Cash paid to suppliers and employees		**(208,600)**	(172,581)
Corporate taxes recovered		**-**	1,256
Corporate taxes paid		**(657)**	(1,740)
Net cash from operating activities		**38,970**	47,983
Cash flows from investing activities			
Interest received		**4**	16
Acquisition earn-out payments (Betboo)		**(2,401)**	(4,339)
Investment in Betit	8	**-**	(3,649)
Acquisition of property, plant and equipment		**(1,156)**	(802)
Capitalised development costs	6	**(5,003)**	(3,343)
Net cash used in investing activities		**(8,556)**	(12,117)
Cash flows from financing activities			
Proceeds from interest bearing loan (Cerberus)	9	**19,375**	-
Non-interest bearing loan (from William Hill)	9	**(3,245)**	(2,856)
Proceeds from issue of share capital		**-**	854
Repayment of borrowings		**(1,768)**	(1,149)
Dividend paid		**(34,319)**	(33,607)
Net cash used in financing activities		**(19,957)**	(36,758)
Net increase/(decrease) in cash and cash equivalents		**10,457**	(892)
Exchange differences		**(116)**	(87)
Cash and cash equivalents at beginning of the year		**17,829**	18,808
Cash and cash equivalents at end of the year		**28,170**	17,829

The notes below form part of these financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial information, which comprises the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash flows and related notes, is derived from the Group financial statements for the year ended 31 December 2015, which have been prepared under International Financial Reporting Standards as adopted by the European Union (IFRS) and those parts of the Isle of Man Companies Act 2006 applicable to companies reporting under IFRS.

The financial information does not constitute the Group's statutory accounts, but is derived from those accounts. This financial information has been agreed with the auditors for release.

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 consolidated financial information is prepared on the basis of the accounting policies stated in the Group's Annual Report 2014. The accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

2. SEGMENTAL REPORTING

Management follows one business line with two operating segments, being Sports and Gaming segmenting the revenues. These operating segments are monitored and strategic decisions are made on the basis of overall operating results.

Management also monitors revenue by geographic location of its customers, monitoring performance in Europe and Latin America.

2.1 Geographical Analysis

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

	2015	2014
	€000's	€000's
Europe	**214,980**	197,442
Latin America and Emerging Markets	**32,750**	27,359
Total	**247,730**	224,801

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 €103,350,000 (2014: €103,446,000) and the total located in other regions is €55,816,000 (2014: €55,762,000).

Revenues from external customers in the Group's domicile, Europe, as well as its major markets, Latin America and emerging markets, have been identified on the basis of the customer's geographical location. Non-current assets are allocated based on their physical location.

2.2 Reporting by Segment

	Notes	**2015 €000's**	2014 €000's
STATEMENT OF REVENUE			
Sports wagers		**1,682,955**	1,463,523
Sports margin		***9.2%***	*9.8%*
Gross margin		**154,086**	143,544
Sports bonuses		**(40,234)**	(33,345)
Sports NGR		**113,852**	110,199
Gaming NGR		**133,878**	114,602
Total Revenue		**247,730**	224,801

Management do not review the performance of each segment below the level of Net Gaming Revenue.

2.3 Detailed income statement

	Notes	2015 €000's	2014 €000's
Net Gaming Revenue		**247,730**	224,801
Variable costs*		**(112,369)**	(101,513)
Contribution		**135,361**	123,288
Contribution margin		***55%***	*55%*
Other operating costs	3		
Personnel expenditure (including incentive arrangements)		**(48,454)**	(43,055)
Professional fees		**(4,662)**	(4,489)
Technology costs		**(23,659)**	(20,991)
Office, travel and other costs		**(3,471)**	(5,248)
Third party service costs		**-**	(3)
Foreign exchange differences		**(1,038)**	(340)
Clean EBITDA		**54,077**	49,162
Exceptional items	3	**(24,496)**	-
Share option charges	3	**(449)**	(736)
Impairment of available for sale asset	7	**(1,216)**	(1,593)
Movement in fair value of derivative financial instruments	8	**4,817**	-
EBITDA		**32,733**	46,833
Depreciation and amortisation	3	**(4,985)**	(3,912)
Financial income	4	**4**	16
Financial expense	4	**(2,110)**	(869)
Finance lease interest	4	**(82)**	(67)
Unwinding of discount on deferred consideration	4	**(54)**	(710)
Profit before tax		**25,506**	41,291
Taxation		**(847)**	(728)
Profit after tax from continuing operations		**24,659**	40,563

** Variable costs include betting taxes & VAT, payment service provider charges, software royalties, chargebacks & bad debt, commissions and marketing costs*

2.4 Performance Summary by six month period

	€000's	Total €000's
Revenue		
H2-2015	**126,814**	
H1-2015	**120,916**	
FY-2015		**247,730**
H2-2014	119,735	
H1-2014	105,066	
FY-2014		224,801
Contribution		
H2-2015	**69,960**	
H1-2015	**65,401**	
FY-2015		**135,361**
H2-2014	66,566	
H1-2014	56,722	
FY-2014		123,288
Clean EBITDA		
H2-2015	**28,592**	
H1-2015	**25,485**	
FY-2015		**54,077**
H2-2014	26,808	
H1-2014	22,354	
FY-2014		49,162

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2015

3. OPERATING COSTS

	Notes		2015 €000's		2014 €000's
Wages and salaries, including Directors (excluding incentive schemes)			**23,878**		21,744
Directors incentive schemes		**7,168**		6,918	
Other employees incentive schemes		**9,411**		6,947	
Incentive schemes			**16,579**		13,865
Amounts paid to long term contractors			**3,333**		3,270
Compulsory social security contributions			**2,251**		2,137
Compulsory pension contributions			**722**		627
Health and other benefits			**902**		758
Recruitment and training			**789**		654
Personnel expenditure (excluding share option charges)			**48,454**		43,055
Professional fees			**4,662**		4,489
Technology costs			**23,659**		20,991
Office, travel and other costs			**3,471**		5,251
Foreign exchange differences on operating activity			**1,038**		340
Administrative costs			**81,284**		74,126
Equity settled share option charges	11		**509**		552
Cash settled share option (credit)/charges	11		**(60)**		184
Exceptional items	3.1		**24,496**		-
Impairment of available for sale asset	7		**1,216**		1,593
Movement in the fair value of derivative financial instruments	8		**(4,817)**		-
Depreciation			**875**		675
Amortisation	6		**4,110**		3,237
			107,613		80,367

3.1 Exceptional Items

The Group incurred expenditure on exceptional items (as defined in accounting policy note 1.13) of €24,496,000 (2014: €nil). These are items which are both exceptional in size and nature.

	2015 €000's	2014 €000's
Proposed Acquisition of bwin.party		
- Legal advice	**5,101**	-
- Nominated advisors	**1,636**	-
- Reporting accountants	**2,629**	-
- Other professional fees	**3,177**	-
Total professional fees	**12,543**	-
- Currency option, including fair value adjustment	**9,531**	
- PR fees	**847**	
- Loan fees	**100**	-
Total acquisition costs	**23,021**	-
Non-deal income/expenditure		
- Romania tax amnesty payments	**1,180**	-
- Other	**295**	-
Total non-acquisition costs	**1,475**	-
Total exceptional items	**24,496**	-

3. OPERATING COSTS

3.1.1 Currency option

As part of the requirements for the acquisition of bwin.party, GVC had to "cash-confirm" that it had sufficient GBP funds to meet the obligations of the acquisition; namely 25p per bwin.party share. As the loan facility from Cerberus was denominated in Euro, an American style call option was purchased for €5.3 million on 4 September 2015 to sell €365,000,000 and purchase £256,138,750 (a rate of £1:€1.4250). The counterparty to this trade was Nomura.

On 18 December 2015, it was decided to terminate this option and replace its cash-confirmation obligations with a "flexible-forward", a forward contract with option components. Entering into this transaction resulted in a refund of €5.6 million and a new sale of €365,000,000 and purchase of £260,719,500 (a rate of £1:€1.400).

By 31 December, foreign exchange rates had moved and the rate used by GVC for the translation of its GBP current assets and current liabilities was £1:€1.36249, whilst the effective rate behind the valuation of the GBP obligation under the flexible forward was €1.3621. This resulted in a revaluation charge of €9.9 million shown as a forward contract liability. This is more fully shown in the tables below:

Details	Paid €000s	Received €000s	P&L €000s	Balance at 31.12.15 €000s
Arrangement cashflows	(5,329)	5,675	346	-
Arrangement valuations	-	-	(9,877)	(9,877)
	(5,329)	5,675	(9,531)	(9,877)

Euro sale under flexible forward	€365,000,000
Rate	€1.4000
GBP purchase under flexible forward	£260,719,500
Implicit rate in valuation	€1.3621
Revaluation	€355,123,000
Valuation expense	€9,877,000

3.2 Employees

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

	2015	2014
Number of personnel		
With employment contracts or service contracts	**527**	507
Contractors	**49**	42
	576	549

4. FINANCIAL INCOME AND EXPENSE

	2015 €000's	2014 €000's
Financial income – interest income	**4**	16
	4	16

Financial expense – interest payable		
- Unwinding of discount on non-interest bearing loan	**(238)**	(238)
- Finance lease interest	**(82)**	(67)
- Unwinding of discount on Betboo deferred consideration	**(54)**	(710)
- Foreign exchange revaluation (see note 4.1)	**(627)**	(627)
- Interest on Cerberus loan (see note 9.1)*	**(1,245)**	-
- Other expense	**-**	(4)
	(2,246)	(1,646)

** this includes interest payments at the contracted rate of 12.5% and an accrual for exit and similar fees not yet due.*

4.1 Foreign exchange differences

The foreign exchange differences above arose as follows:

	2015 €000's	2014 €000's
Retranslation of the William Hill non-interest bearing loan	**(516)**	(467)
Retranslation of amounts due in respect of finance leases	**(69)**	(160)
Other	**(42)**	-
	(627)	(627)

5. EARNINGS PER SHARE

5.1 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.

	2015	2014
Profit for the year attributable to ordinary shareholders (€)	**24,659,000**	40,563,268
Weighted average number of shares	**61,276,480**	61,099,894
Basic earnings per share (€)	**0.402**	0.664
Exceptional items (€)	**24,496,000**	-
Profit for the year attributable to ordinary shareholders before exceptional items (€)	**49,155,000**	40,563,268
Basic earnings per share before exceptional items (€)	**0.802**	0.664

5.2 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.

	2015	2014
Profit for the year attributable to ordinary shareholders (€)	**24,659,000**	40,563,268
Weighted average number of shares	**61,276,480**	61,099,894
Effect of dilutive share options	**3,088,932**	5,010,290
Weighted average number of dilutive shares	**64,365,412**	66,110,184
Diluted earnings per share (€)	**0.383**	0.614
Exceptional items (€)	**24,496,000**	-
Profit for the year attributable to ordinary shareholders before exceptional items (€)	**49,155,000**	40,563,268
Diluted earnings per share before exceptional items (€)	**0.764**	0.614

6. INTANGIBLE ASSETS

	Leased Software Licence €000's	*Owned Software Licence €000's*	Total Software Licence €000's	Goodwill €000's	Trade-marks & Trade Name €000's	Consulting & Magazine €000's	Non-contractual Customer Relationships €000's	**Total €000's**
Cost								
At 1 January 2014	*827*	*23,009*	23,836	166,167	17,065	4,919	2,379	214,366
Additions	*306*	*3,341*	3,647	-	-	-	-	3,647
At 1 January 2015	*1,133*	*26,350*	27,483	166,167	17,065	4,919	2,379	**218,013**
Additions	-	*5,003*	5,003	-	-	-	-	**5,003**
At 31 December 2015	*1,133*	*31,353*	32,486	166,167	17,065	4,919	2,379	**223,016**
Amortisation and Impairment								
At 1 January 2014	*243*	*19,017*	19,260	33,274	1,095	4,919	1,968	60,516
Amortisation	*232*	*2,451*	2,683	-	216	-	338	3,237
At 1 January 2015	*475*	*21,468*	21,943	33,274	1,311	4,919	2,306	**63,753**
Amortisation	*390*	*3,457*	3,847	-	190	-	73	**4,110**
At 31 December 2015	*865*	*24,925*	25,790	33,274	1,501	4,919	2,379	**67,863**
Net Book Value								
At 31 December 2014	*658*	*4,882*	5,540	132,893	15,754	-	73	154,260
At 31 December 2015	*268*	*6,428*	6,696	132,893	15,564	-	-	**155,153**

Certain intangible assets are deemed to have an indefinite useful life as there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. The carrying amounts of such assets at 31 December 2015 were as follows:

	2015 €000's	2014 €000's
Trademarks & Trade Names	**15,142**	15,142

6.1 Amortisation

The amortisation for the year is recognised in the following line items in the income statement.

	2015	2014
	€000's	€000's
Net operating expenses	**4,110**	3,237

6.2 Impairment Tests for Cash-Generating Units Containing Goodwill and Trademarks

An Impairment Review of the Group's goodwill was carried out for the year ended 31 December 2015. The goodwill relates to Betboo, CasinoClub and Sportingbet. The carrying values of the assets were compared with the recoverable amounts, the recoverable amount was estimated based upon a value in use calculation, based upon management forecasts for the years ending 31 December 2016 and up to 31 December 2020. The assumptions detailed below have been determined based on past experience in this market which the Group's management believes is the best available input for forecasting this market.

Betboo

Significant growth is expected in the short-term reducing to 20% annual growth by 2017, a long-term growth rate of 2% was used from 2019 to reflect the likely competitive pressures. A discount rate of 35% was used, based on the internal rate of return of the Betboo acquisition. It was concluded that the carrying value of the goodwill and trademarks was not impaired.

CasinoClub

A long-term growth rate of 2% was used to reflect the increasing competitive pressures from large online gaming companies. A discount rate of 17.2% was used, based on company specific pre-tax weighted average cost of capital. It was concluded that the carrying value of the goodwill and trademarks was not impaired.

Sportingbet

A long-term growth rate of 3% has been applied to reflect the likely competitive pressures from other large online gaming companies. A discount rate range of 20%-25% was used across the different geographical areas, and a sensitivity analysis carried out including decreasing the growth rate to 1% and increasing the discount to 30%-45%. It was concluded that the carrying value of the goodwill and trademarks was not impaired.

The following units have significant carrying amounts of goodwill:

	2015	2014
	€000's	€000's
Betboo	**8,333**	8,333
CasinoClub	**40,339**	40,339
Sportingbet	**84,221**	84,221
Total Goodwill	**132,893**	132,893

7. AVAILABLE FOR SALE FINANCIAL ASSET – Betit Holdings Limited

Where an entity holds, directly or indirectly through subsidiaries, less than 20% of the voting power of an investee, it is presumed that the entity does not have significant influence and therefore an investment does not qualify as an associate unless such influence can be clearly demonstrated.

	2015	2014
	€000's	€000's
At 1 January	**3,801**	-
Additions	**-**	5,394
Impairment	**(1,216)**	(1,593)
At 31 December	**2,585**	3,801

On 14 May 2014, the Group acquired a 15% stake in Betit Holdings Limited ('BHL') from Betit Securities Limited ('BSL'). The consideration was for €3.5 million, which was attributed to both the available for sale asset (€5.2 million) and the option liability (€1.7 million) taken on at acquisition. The asset held for sale consideration, together with professional fees incurred at the time, amounted to a total upfront cost of €5.4 million which was impaired at 31 December 2014 to €3.8 million.

Although the Group has a Director on the Board of BHL and has influence through its shareholding over the payment of dividends the Director does not participate in policy making decisions, and the entity is unlikely to be in a dividend paying position over the lifetime of the investment. The Group does not believe there is evidence to rebut the presumption it does not have significant influence over BHL and therefore the investment is not considered to be an associate and has been accounted for as an available for sale asset.

The available for sale asset is required to be re-measured at fair value at each reporting date. Changes in the fair value will be recognised in other comprehensive income, except for impairment losses which are recognised through profit or loss as a deduction from clean EBITDA. The Group engaged a third party valuations specialist to value the asset.

In valuing the underlying business of BHL, a discounted cash flow model was used, applying a long-term growth rate of 2% (2014: 2%) to the Group's forecasts and a discount rate of 18% (2014: 18%) (based on comparison to industry peers and observable inputs). Based on this model, the value as at 31 December 2015 of the asset available for sale was €2.6 million, leading to an impairment of €1.2 million.

8. DERIVATIVE FINANCIAL INSTRUMENTS: OPTIONS

On 24 March 2015, GVC contracted with Winunited Limited for the day-to-day back office operations of the Winunited business, licensed in Malta. Under the terms of the agreement, GVC obtained a call option to purchase the Winunited assets comprising goodwill, customers, licenses, brands and websites. The exercise period for the option is in the three months prior to the five year anniversary of the 24 March 2015. No consideration was paid for the call option.

The Betit option was acquired in the prior year as part of the asset purchase set out in note 7.

A summary of the movement in the option values during the year and the balances at 31 December 2015 is shown below:

	Winunited option €000s	Betit option €000s	**Total €000s**
Balance at 1 January 2015	-	(1,745)	**(1,745)**
Movement in fair value	3,808	1,009	**4,817**
Balance at 31 December 2015	3,808	(736)	**3,072**

Split:		
Current asset	**3,808**	**-**
Non-current liability	**-**	**(736)**

8.1 Winunited option

At 31 December 2015 the option was valued by a third party valuation specialist using a Monte Carlo valuation model and two methodologies: a discounted cash flow and a multiples based calculation. A long-term growth rate of 2% was assumed, and a discount rate of 15% based on industry peers and observable inputs. Based on this model, the value of the call option at 31 December 2015 was €3.8 million. This increase in the fair value of the option has been recognised in the income statement in accordance with IAS 39.

8.2 Betit option

On 14 May 2014, the Group acquired a 15% stake in Betit Holdings Limited (‘BHL’). The Group has a call option to acquire the balance of the outstanding shares. The call option can be exercised no earlier than 1 July 2017 and no later than 30 September 2017, and would be subject to further Maltese Gaming Authority clearance and the Stock Exchange Rules. The minimum call option price is €70 million, and the actual price would be determined by the mix of revenues between regulated and non-regulated markets and certain multiples attaching thereto.

If the Group decides not to exercise its call option BSL may require the Group to acquire its shares in BHL at a price determined by the mix of revenues between regulated and non-regulated markets and certain multiples thereof (but absent any floor on the price). Completion of this purchase would be subject to certain conditions including the Group's ability to raise the necessary financing. Should the Group not raise the required financing, BSL may acquire the Group’s shares in BHL for nominal consideration.

The Group engaged a third party valuations specialist to value the options using a Monte Carlo valuation model based on the enterprise value for BHL and modelling of the anticipated exercise price. In valuing the underlying business of BHL, a discounted cash flow model was used, applying a long-term growth rate of 2% (2014: 2%) to the Group’s forecasts and a discount rate of 18% (2014:

18%) (based on comparison to industry peers and observable inputs). Based on this model, the fair value of the put and call options was a net liability of €0.7 million (2014: €1.7 million), leading to a movement in the fair value of €1.0 million.

9. LOANS AND BORROWINGS

9.1 Interest bearing loan

On 4 September 2015, the Group entered into an agreement with Cerberus Business Finance LLC for a loan of up to €400m, in order to part-fund the proposed acquisition of bwin.party. Under the terms of the loan, a 'Hedging Loan' of up to €20m could be drawn down in advance of the acquisition, in order to fund a hedging arrangement for the conversion of the loan funds into GBP and to pay for initial costs including loan arrangement fees. Accordingly, €20m was drawn down immediately on entering into the contract. The balance of €380m was drawn down on 1 February 2016 and so was not recorded as a liability at the year end. The full amount of the loan is to be repaid by 4 September 2017.

IAS 39 Financial Instruments: Recognition and Measurement, states that all financial liabilities should initially be measured at their fair value and subsequently measured at amortised cost using the effective interest rate method. The effective interest has been calculated using the internal rate of return on the cash outflows across the period of the loan, which includes loan arrangement fees, loan servicing fees, interest and transaction costs such as legal fees.

	Principal €000's	Effective interest €000's	2015 Total €000's
Loan balance at 1 January 2015	-	-	-
Initial drawdown	(20,000)	-	(20,000)
Initial costs and loan servicing fees paid	-	799	799
Interest instalments paid to 31 December 2015	-	625	625
Effective interest due to 31 December 2015 (note 4)	-	(1,245)	(1,245)
Loan balance at 31 December 2015	(20,000)	179	**(19,821)**

Split between:	
Current liabilities	**-**
Non-current liabilities	**(19,821)**

9.2 Non-interest bearing loan

As part of the Group's acquisition of Sportingbet PLC, a credit facility was made available to the Group by William Hill PLC. At 31 December 2015 the Group had drawn down €3,138,515 (£2,303,513) (2014: €5,867,084 (£4,590,832)) of this facility. The loan was revalued at the 31 December exchange rate of €1.3625.

IAS 39 Financial Instruments: Recognition and Measurement, states that all financial liabilities should initially be measured at their fair value and subsequently measured at amortised cost using the effective interest rate method. The loan has therefore been discounted at a rate of 4% and will be unwound over the period of the loan.

The facility is repayable in three instalments and should GVC declare dividends in excess of 58 €cents per share, William Hill is entitled to receive an accelerated repayment equal to the excess of the actual dividend over 58 €cents per share. The instalments as well as the impact of the discount are shown below:

	2015 Base Currency £000's	2015 Total €000's	2014 Base Currency £000's	2014 Total €000's
Loan balance at 1 January	4,591	5,867	6,862	8,256
Repayment during the year	(2,287)	(3,245)	(2,271)	(2,856)
Revaluation at 31 December exchange rate	-	516	-	467
Loan balance at 31 December	**2,304**	**3,138**	**4,591**	**5,867**
Undiscounted payments due within 12 months:	2,304	3,138	2,295	2,933
Undiscounted payments due between 12 and 24 months:	-	-	2,296	2,934
Loan balance before discount		3,138		5,867
Discount on recognition of the loan		(780)		(780)
Unwinding of discount to date		662		425
Loan balance at 31 December		**3,020**		**5,512**
Split:				
Current liabilities		**3,020**		**2,735**
Non-current liabilities		**-**		**2,777**

10. SHARE CAPITAL AND RESERVES

	Share Capital €000's	Share Premium €000's	Merger Reserve €000's	Translation Reserve €000's	Retained Earnings €000's	**Total €000's**
At 1 January 2015	613	85,380	40,407	359	22,699	**149,458**
Result for the year	-	-	-	-	24,659	**24,659**
Dividends paid	-	-	-	-	(34,319)	**(34,319)**
Share option charge	-	-	-	-	509	**509**
Share options surrendered	-	-	-	-	(12,183)	**(12,183)**
At 31 December 2015	**613**	**85,380**	**40,407**	**359**	**1,365**	**128,124**

The 'Merger reserve' arose on the re-domiciliation of the Group from Luxembourg to the Isle of Man. It consists of the pre-redomiciliation reserves of the Luxembourg company plus the difference in the issued share capital (31,135,762 share at €0.01 versus 31,135,762 shares at €1.24).

Capital comprises total equity. The Group's capital management objectives are to ensure its ability to continue as a going concern and to provide an adequate return to shareholders and benefits to other stakeholders by pricing services commensurately with the level of risk, and maintaining an optimal capital structure to reduce the cost of capital. The Group's objective is to pay around 75% of its net operating cashflows to shareholders by way of dividends.

In order to maintain or adjust the capital structure, the Company may issue new shares, return capital to shareholders, limit the amount of dividends paid, or sell assets.

Total equity employed at 31 December 2015 was €128.1 million (2014: €149.5 million).

11. SHARE OPTION SCHEMES

At 31 December 2015, the Group had the following share options schemes for which options remained outstanding at the year end:

i. options were granted to third parties on 28 February 2013 as part of the Sportingbet PLC acquisition following underwriting commitments made at the time. The awards vested on the grant date and the options have the exercise price reduced by the value of any dividends declared up to the point of exercise. Of the 156,947 outstanding at 1 January 2015, none were exercised during the year ended 31 December 2015. These options were fully exercised on 12 February 2016 at a weighted average price of £1.263.

ii. a further grant of options to Directors and employees under the existing and already approved LTIP was made on 2 June 2014. Under this scheme, 125,000 options were forfeited during the year and as at 31 December 2015 3,325,000 share options remained outstanding. After the year end, 2,450,000 of these options were cancelled under the arrangements for the acquisition of bwin.party.

Under the terms of the share option plans the Group can allocate up to 16.8% of the issued share capital, although it must take allowance of the 752,923 shares in issue as a consequence of the exercise of share options.

The following options to purchase €0.01 ordinary shares in the Company were granted, exercised, forfeited or existing at the year end:

Date of Grant	Exercise Price	Existing at 1 January 2015	Granted in the year	Surrendered / forfeited in the year	Existing at 31 December 2015	Exercisable at 31 December 2015	Vesting criteria
21 May 2010	213p	1,600,000	-	(1,600,000)	-	-	Note a
28 Jan 2012	154.79p	1,600,000	-	(1,600,000)	-	-	Note a
28 Feb 2013	233.5p	156,947	-	-	156,947	156,947	Note b
02 Jun 2014	1p	3,450,000	-	(125,000)	3,325,000	-	Note c
Total all schemes		**6,806,947**	**-**	**(3,325,000)**	**3,481,947**	**156,947**	

The existing share options at 31 December 2015 are held by the following employees:

Option price	233.5p	1p	
Grant date	**28-Feb-13**	**02-Jun-14**	**Total**
Kenneth Alexander	-	1,400,000	**1,400,000**
Richard Cooper	-	700,000	**700,000**
Lee Feldman (note d)	-	350,000	**350,000**
Third parties	156,947	-	**156,947**
Employees	**-**	875,000	**875,000**
	156,947	**3,325,000**	**3,481,947**

Note a: These options were granted under the 2010 scheme. The Company announced on 27 March 2015 that three of its directors surrendered 3,200,000 fully vested and "in the money" share options granted in 2010 and 2012 at the prevailing market price at the time (average of £1.83895). The surrender price was £4.46067, being the average of the middle market closing prices of the Company's shares for the thirty dealing days up to and including the date of surrender.

In light of the surrender of share options, described above, by Kenneth Alexander, Richard Cooper and Lee Feldman (the "Senior Team"), the Company has implemented a new retention plan for the Senior Team (the "Retention Plan"). The Retention Plan is focused on ensuring that the Senior Team are compensated for the surrender of their fully vested share options. Accordingly, each member of the Senior Team will receive cash payments which in total equal the "in-the-money" value of their surrendered share options. This payment of €12,183,000 is at the fair value of the vested equity instruments and is accounted for as a deduction from equity and recognition of the liability.

During 2015, the first of the 24 monthly Retention Plan payments was made, but all subsequent payments were put on hold pending the outcome of the proposed deal with bwin.party. The balance and maturity is shown below:

	2015 **€000s**
Value of share options surrendered	12,183
Payment in the year	(508)
Revaluation at 31 December 2015 exchange rate	31
Retention plan balance at 31 December 2015	11,706
Liability for cash-settled options under 2014 scheme	70
Balance at 31 December 2015	**11,776**
Split:	
Current liabilities	**9,740**
Non-current liabilities	**2,036**

Note b: These options were granted to third parties as part of the Sportingbet PLC acquisition following underwriting commitments made at the time. The awards vested on the grant date and the options have the exercise price reduced by the value of any dividends declared up to the point of exercise.

Note c: These options were granted to certain Directors and employees. The awards will vest in full (and become exercisable) on the share price being equal to or exceeding £6.00 per share for a continuous period of 90 calendar days at any time from the date of grant. If there is a change of control, the awards will vest in full immediately unless the share price is less than £5.00 per share, in which case the Awards will lapse in full. The awards have been treated as vesting over a 3 year period. The directors' options under this scheme were cash cancelled after the year end on the completion of the acquisition of bwin.party, and the after-tax proceeds re-invested in new GVC shares at 422p per share, the placing price.

Note d: These awards were issued on the same basis as the awards in Note c but were awarded as cash settled rather than equity settled options. The director's options under this scheme were cash cancelled after the year end on the completion of the acquisition of bwin.party, and the after-tax proceeds re-invested in new GVC shares at 422p per share, the placing price.

The charge to the consolidated income statement in respect of these options in 2015 was €449,000 (2014: €736,000). Of the 2015 charge, €509,000 related to equity settled options and a net credit of €60,000 to cash settled options. The deduction from equity in respect of the cash payments to be made for the surrender of the vested equity instruments was €12,183,000.

11.1 Weighted Average Exercise Price of Options

The number and weighted average exercise prices of share options is as follows:

	Weighted average exercise price 2015	**Number of options 2015**	**Weighted average exercise price 2014**	**Number of options 2014**
Outstanding at the beginning of the year	94p	6,806,947	191p	3,801,667
Granted during the year	-	-	1p	3,450,000
Exercised during the year	-	-	184p	(369,720)
Surrendered/bought out in the year	184p	(3,200,000)	213p	(75,000)
Forfeited in the year	1p	(125,000)	-	-
Outstanding at the end of the year	11p	3,481,947	94p	6,806,947
Exercisable at the end of the year		156,947		3,356,947

The options outstanding at 31 December 2015 have a weighted average contractual life of 8.4 years (2014: 5.9 years).

11.2 Valuation of Options

The fair value of services received in return for share options granted were measured by reference to the fair value of share options granted. With the exception of the options granted in 2014 the estimate of the fair value of the services received is measured on a Binomial valuation model. The contractual life of the option (10 years) is used as an input into this model. Expectations of early exercise are incorporated into the Binomial model. The option exercise price for all individuals was the average market price on grant date, with the exception of the options granted to third parties as part of the Sportingbet acquisition. These were priced at the amount the Group offered as consideration for the purchase.

The 2014 options were valued using a Monte Carlo model due to the performance conditions associated with the options. The 2014 cash-settled options have been revalued using a Monte Carlo model at 31 December 2015.

Fair value of share options and assumptions:

Date of grant	Share price at date of grant* (in £)	Exercise price (in £)	Expected volatility	Exercise multiple	Expected dividend yield	Risk free rate**	Fair value at measurement date (in £)
21 May 10	1.85	2.13	60%	2	17%	2.75%	0.39
21 May 10	1.85	0.01	60%	2	17%	2.75%	0.05
21 May 10	1.85	1.50	60%	2	17%	2.75%	0.59
28 Jan 12	1.67	1.5479	58%	2	20%	2.19%	0.33
28 Feb 13	2.375	2.335	60%	2	12.15%	0.572%	0.61
02 Jun 14 – equity settled	4.49	0.01	24%	n/a	10.00%	1.425%	0.41
02 Jun 14 – cash settled	4.49	0.01	21%	n/a	9.40%	0.52%	0.28

** This is the bid price, not the mid-market price, at market close, as sourced from Bloomberg.*

*** The measurement of the risk-free rate was based on rate of UK sovereign debt prevalent at each grant date over the expected term of the option.*

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information. There are no market conditions associated with the share option grants with the exception of those issued in 2014 as noted above.

12. SUBSEQUENT EVENTS

12.1 Acquisition of bwin.party

It is part of the core strategy for the Group to improve the quality and mix of the Group's earnings through acquisitions, especially where these increase the markets in which the Group trades and where there are opportunities for high levels of cash generation through synergies. On 1 February 2016, the Group acquired 100% of the share capital of bwin.party digital entertainment plc ("bwin.party"), an online gaming company traded on the Main Market of the London Stock Exchange and listed on the Official List (Premium Segment), for total consideration of €1,508.2 million as set out in the table below. The acquisition resulted in GVC obtaining control of bwin.party from 1 February 2016, and this will be accounted for as a business combination in the year ending 31 December 2016.

The Group issued a prospectus on 13 November 2015 setting out the terms of the bid, which included an offer of 25p plus 0.231 new GVC shares for each bwin.party share. At the date of the acquisition, there were 843m bwin.party shares and 14m of share options and the closing price for GVC Holdings PLC shares on the previous trading day was £4.67. The total fair value of the consideration paid was €1,508.2 million as set out below:

	No of shares	Value £'000	Exchange rate	Value €'000
Total bwin.party shareholding	843,469,689			
GVC shares issued (0.231 per bwin.party share, at a price of £4.67)	194,841,498	909,910	1.3205	1,201,536
Cash payment (£0.25 per bwin.party share)		210,867	1.3205	278,450
Cash settled options		21,397	1.3205	28,255
Total consideration		1,142,174		1,508,241

The fair value of the assets and liabilities recognised at the date of acquisition, on a provisional basis, is set out in the table below:

	Fair value €000
Assets	
Intangible assets	636,899
Property, plant and equipment	43,555
Trade and other receivables	145,069
Cash	117,325
Total assets	942,848
Liabilities	
Trade and other payables	(157,597)
Client liabilities and progressive prize pools	(115,574)
Taxation	(113,379)
Total liabilities	(386,550)
Net assets	**556,298**
Fair value of consideration paid	1,508,241
Goodwill recognised	951,943
Business combination costs	**24,800**

The fair value of Trade and other receivables is €145.1 million and includes trade receivables with a fair value of €38.5 million. The gross contractual amount for trade receivables due is €40.0 million, of which €1.5 million is expected to be irrecoverable.

The goodwill consists of assembled workforce, future growth and business reputation.

All contingent liabilities have been provided for.

The total cost that will be recognised in the income statement is €9.6 million, being the business combination costs incurred in 2016.

The figures presented above are provisional due to the timing of the transaction.

12.1 Acquisition of bwin.party

The audited accounts for bwin.party digital entertainment plc for the year ended 31 December 2015 showed:

- Total revenue of €576.4 million
- Clean EBITDA of €108.5 million
- Loss before tax of €40.2 million
- Net assets of €499.6 million.

Following the acquisition, GVC expects to generate significant synergistic savings through integration and restructuring of operations. Plans include:

1. The migration of GVC's Sportsbook onto bwin.party's technology platform, after which the GVC platform may cease operating
2. The termination of all sponsorship programmes
3. Restructuring bwin.party's casino and poker operations including integrating GVC's poker operation onto the bwin.party platform
4. Operational efficiencies in customer services, IT and marketing functions
5. Integration of some back office functions which may lead to headcount reductions

All plans are subject to consultation with employee representative bodies and other stakeholders.

The Group will also review non-core assets and may identify some for disposal in due course.

12.2 Funding for the acquisition

The cash element of the acquisition of bwin.party was funded through drawing down the balance of the Cerberus loan facility (see note 9).

The amount drawn down on the loan was a further €380.0 million. Of this, €365.0m was converted into GBP under a foreign currency option taken out in 2015. The GBP amount received was £260,719,500. For further details of the currency option, see note 3.1.1.

The loan is fully repayable on 4 September 2017.

12.3 Issuance of shares

On the same date as the acquisition of bwin.party, the Group issued additional shares at a price of 422p. The additional share capital consisted of 27,978,812 Placing shares, including the purchase by Directors of shares under the terms of the LTIP, and 7,566,212 Subscription shares. The cash consideration received for these shares was £150.0 million. The aggregate net proceeds of these shares of £145.1 million are to be used to fund re-organisational costs (c.£44m), repay existing debt facilities of bwin.party (c.£45m) and to fund working capital (c.£56.1m).