



GAMINGvc



GAMING VC HOLDINGS S.A.

(Incorporated in the Grand Duchy of Luxembourg, Registered Number RC Luxembourg B 104348)

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

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FACTSHEET

The Company was incorporated in Luxembourg on 30 November 2004 and it was listed on AIM on 21 December 2004. The company is therefore bound by the corporate laws of Luxembourg, the Company's Articles of Association, and the AIM rules of the London Stock Exchange. It is not bound by the Takeover code.

The principal operating currency of the Group is the Euro. The shares are traded in GBP.

Shares are held in registered, not certificated form.

To enable CREST settlement, depository interests, rather than shares, are traded. Capita IRG Trustees Limited record the depository interests. Under a Deed Poll, depository interest holders have the same economic rights as other shareholders. Voting is also mirrored as depository interest holders provide Capita with a "form of direction" – this is akin to a proxy vote.

Key milestones

Q3-07 – Granted a licence by the LGA in Malta

Q3-07 – Sportsbook operation started

Q1-08 – Winzingo, Bingo site targeting Spanish customers, launched

Q4-08 – Granted a licence by the Italian authorities

Q1-09 – Launch of Slots Club

Q2-09 – Entered long-term contract with Boss Media for supply of casino and poker software

Website

Extensive information on the Group, and prior-year financial statements and press releases can be found on the Group's website: www.gamingvc.com.

Brands operated

www.casinoclub.com

www.pokerkings.com

www.slotsclub.com

www.betaland.com

www.betpro.it

www.winzingo.com

Committees of the Board

The board has both Audit and Remuneration Committee.

The Audit Committee, currently chaired by Karl Diacono, is required to give its approval before the release of; the annual report and accounts, the preliminary year-end statement, the interim financial statements, and any other release of financial information to the market.

The Remuneration Committee, currently chaired by Nigel Blythe-Tinker, reviews the remuneration packages of the Executive Director and is required by the board to review the bonus arrangements of any employee or consultant to the group. The committee meets at least twice a year.

The Board

The board currently comprises five directors. The board aims to meet six times a year and more frequently if required.

DIRECTORS

Lee Feldman, Chairman, and non-executive director

Lee Feldman (41), holds a law degree from Columbia University and is currently the Managing Partner of Twin Lakes Capital, a private equity firm based in New York City. He joined the board at the time when the Company was admitted to AIM, and serves on both the Audit and Remuneration committees. He currently serves on a number of boards, including MacKenzie-Childs LLC and LRN Corporation. Prior to Twin Lakes, Mr. Feldman was a partner at Softbank Capital Partners.

Nigel Blythe-Tinker, Non-Executive Director – Chairman of the Remuneration Committee

Nigel Blythe-Tinker (58), trained as a solicitor and is a Fellow of the Institute of Chartered Secretaries and Administrators. He has extensive City experience of over 30 years which covers being Group Corporate Secretary/Legal counsel and board member of a number of private and publicly quoted companies in the leisure, gaming and industrial sectors. He joined the board at the time when the Company was admitted to AIM, and serves on both the Audit and Remuneration committees. He is also the Chairman of Pentasia Limited, a recruitment business specialising in the gaming sector.

Karl Diacono, Non-Executive Director – Chairman of the Audit Committee

Karl Diacono (46), holds a Master Degree in Management and is currently CEO of the Fenlex Group, a corporate service provider based in Malta, and Managing Director of Impetus Europe Consulting Group. He joined the board on 5 December 2008 and serves on both the Audit and Remuneration committees. He currently sits on a number of boards in Malta and overseas and is also actively involved in the hospitality industry.

Kenneth J Alexander, Chief Executive Officer

Kenny (39), is a Chartered Accountant by training. He was formerly the European Managing Director for Sportingbet plc, the pioneering, AIM listed internet gaming and sportsbetting company, where he worked since 2000. Kenny joined the board in March 2007.

Richard Cooper, Finance Director

Richard Cooper (48), is a Chartered Accountant by training. In his early career he worked in the financial markets, holding the position of UK Finance Director at moneybrokers Tulletts, and CFO at Fidelity Brokerage. He then undertook a number of restructuring roles in both private and publicly traded companies. In 2005 he became a founder director of Trident Gaming plc, which later went on to sell its Gamebookers asset to PartyGaming plc. Richard joined the board on 5 December 2008.

ADVISORS

Registered Office:	13-15 Avenue de La Liberté L-1931 Luxembourg
Financial PR Advisers:	Abchurch Communications Ltd 100 Cannon Street London EC4N 6EU
Nominated Adviser and Broker:	Arbuthnot Securities Limited Arbuthnot House 20 Ropemaker Street London EC2Y 9AR
Lawyers to the Company:	<i>As to matters of UK law</i> Nabarro LLP Lacon House 84 Theobald's Road London WC1X 8RW <i>As to matters of Luxembourg Law</i> Loyens & Loeff 14 rue Edward Steichen L-2540 Luxembourg
Auditor:	Grant Thornton Lux Audit S.A. 83 Parc d'Activité Capellen L-8308 Luxembourg
Depositary:	Capita IRG Trustees Limited The Registry 34 Beckenham Road Beckenham KENT BR3 4TU
Registrar	ATC Corporate Services (Luxembourg) S.A. 13-15 Avenue de la Liberté L-1931 Luxembourg

CHAIRMAN'S STATEMENT

In my first year end statement as Chairman, I am happy to report that the Group has had a successful year, managerially, operationally and financially, particularly in light of the challenging worldwide economic climate.

Results

Financially, the Group has achieved significant growth in Net Gaming Revenue to €50.1 million (2007: €42.6 million). Profits before tax also increased to €16.9 million (2007: €16.6 million), despite a substantial growth in affiliate costs and infrastructure.

Operations

Over the last two years Gaming VC has become less dependent on outsourcing and has evolved into a more mature operating company with industry-leading staff and resources in Malta, Italy, and Israel. The team now in place will allow the Group to continue to grow its existing business and seek new opportunities and acquisitions, which the Board deems appropriate.

Regulatory

As more fully reported in the Chief Executive's Statement, the Group holds gaming licenses in Malta, Italy and the Netherlands Antilles, and believes it has the necessary licenses to conduct its current gaming operations. That said, there remains a lack of legal clarity among members of the European Union on the issue of European regulation, and this therefore continues to pose an unquantifiable risk to GVC.

Strategy

The Group's strategy is to continue to diversify to reduce its reliance on one marketplace; to seek to make non-dilutive acquisitions; and to maintain its dividend. The Board is recommending a final dividend of €0.20 per share, giving a total distribution of €0.40 per share. The final dividend will be paid on 29 May 2009 to all shareholders on record at the close of business on 1 May 2009.

Management

The Group has recently appointed two experienced industry executives to the Board. Karl Diacono, a Non-Executive Director based in Malta, who provides the Board with critical regulatory and corporate knowledge regarding Malta, where Gaming VC holds its primary gaming license. Karl now also chairs the Audit Committee. Richard Cooper, Group Finance Director, was previously the CFO of Trident Gaming where he was instrumental in building and managing for the company, a portfolio of online gaming assets including Gamebookers, which was subsequently sold to PartyGaming. His prior experience of quoted companies together with gaming and M&A expertise should prove invaluable as the Group develops.

Current Trading

The impact of the current economic crisis on the Group is difficult to forecast. In line with other industry players Gaming VC did experience some decline in volumes during the fourth quarter of 2008. However, in the first quarter of 2009 the Group has begun to see recovery in volumes and is cautiously optimistic of its trading prospects for the year as well as beyond.

Lee Feldman
Chairman
20 April 2009

CHIEF EXECUTIVE'S STATEMENT

Introduction and financial overview

I am delighted that the Board's strategy to diversify the Group's product offering away from Germany continues to be successful. Group Net Gaming Revenue ("NGR") has increased 17.5%, gross profit increased 22.5%, and profit before tax is slightly ahead of 2007 despite the required spending on marketing and infrastructure to support the business. Non-German NGR was 46% of total revenue in 2008 compared to 24% in 2007.

Gaming VC achieved total revenues of €50.1 million, of which, €6.5 million (2007: €1.1 million) was from sports. A margin of 13.2% was achieved on the Group's sports business during 2008, (2007: 11.8%).

Highlights

- Net Gaming Revenue increased by 17.5% to €50.1 million (2007: €42.6 million)
- Gross profits increased by 22.5% to €40.9 million (2007: €33.4 million)
- Southern European business now generating 9% of contribution (2007: 1%)
- Operating profit increased to €16.4 million (2007: €16.2 million)
- Profit before tax rose, despite investment in marketing, to €16.9 million (2007: €16.6 million)
- Proposed final dividend of €0.20 per share
- Cash at bank, net of customer balances, at the balance sheet date equal to €0.56 per share, and €0.75 at 31 March 2009

Net current assets and cash, were, at year-end, €19.2 million and €18.8 million respectively (2007: €15.7 million, and €15.9 million), 22% and 19% greater than 2007. Net of customer and similar liabilities the Group's cash position was €17.5million.

Additional analysis and comments on the financial performance and financial position are included in the Finance Director's Statement.

Operations

2008 was the Group's first full year operating from its Maltese licence (granted August 2007) and Gaming VC's first full year of operating the sportsbook brand www.betaland.com. In April 2008, the Group was granted a licence in Italy and trades under www.betpro.it. Both of these offerings were heavily marketed to boost growth and the Board continues to be pleased with the results with quarter on quarter growth being seen on both brands.

The Group's sportsbooks have achieved net win margins of over 13% and generated 13% of Group revenues and 15% of its gross profits.

In line with Group strategy, the launch of other products outside its core German casino market continued to assist GVC in diversifying away from Germany in 2008. The Board expects our non-German revenues as a percentage of total revenues to continue to grow in 2009.

GVC's office in Malta has now been staffed-up with highly skilled personnel in both customer services and sports trading, and it is already seeing the benefits of bringing these skills in-house. During the year, the Group opened a legal branch in Israel, employing first class customer relationship management ("CRM") and affiliate marketing teams. GVC now has around 70 people in the Group, including long-term contractors, and closely monitors their performance and link rewards to their performance and Group performance, so that business interests are aligned.

GVC continues to work closely with its software providers, principally Boss Media, to ensure that the Group's customers receive quality products. Recently the Group signed a long term contract with Boss Media to continue to offer their games to GVC's German customers. Outside Germany GVC uses other suppliers such as Net Entertainment, Parlay, Evolution Gaming and Game Account.

Winzingo, the Group's Spanish focused Bingo site was launched in Q1 2008. Its growth was slower than anticipated, but the Board remains committed to maximising the Spanish bingo market, which it believes will be profitable as local understanding improves. GVC has written-off its working capital loan in Winzingo during 2008 and treated this as an exceptional item and the business is now close to achieving break-even.

Costs continue to be closely controlled. The executive team was strengthened in 2008 by the appointment of an industry experienced Group Finance Director and GVC expects to see efficiencies in 2009 in the area of outsourced professional services.

Acquisitions

The Group continues actively to review potential acquisitions and is in advanced negotiations to acquire a leading South American online sport and gaming business, currently with a focus on the Brazilian marketplace. There are of course no assurance that the transaction will complete. A further announcement will be made in due course.

It is the Board's intention to utilise the knowledge and skills of the Group's stronger management team to look for additional acquisitions which can leverage GVC's CRM, marketing, and trading capabilities, whilst, being able to maintain the Group's dividend.

Regulatory

Unlike many of other listed gaming groups GVC has never taken bets or wagers from residents of the USA. Accordingly there is no exposure to either US fines or penalties.

The Group has licences in Malta, Italy and the Netherlands Antilles and its core German business operates under the European licence in Malta.

Following the passing in January 2008 of the German Interstate Treaty, the EU Commission took infringement provisions against Germany whose action was seen to be contrary to EU law. Therefore, it continues to be unclear from a legal perspective as to whether national or EU law applies.

Q1 2009 Trading update and outlook

Against the backdrop of a slower Q4 2008 across the industry, the first three months of 2009 trading has been slightly ahead of management's expectations. Group NGR was €14.9 million in Q1 2009 compared to €13.3 million in Q1 2008 and €11.6 million in Q4 2008. This represents 26% growth compared to last quarter and 12% compared to the same quarter in 2008.

Casino Club remains the GVC's largest brand, but the Group's other brands are growing in importance. Betaland and Betpro, whilst operating on lower margins, continue to show solid growth (up 105% on Q1 2008). Thus in Q1 2009, Betaland and Betpro represented 44% of NGR (Q1 2008: 24%).

Diversification outside Germany continued in Q1 2009 with non German revenues for the first time representing a majority at 56% of total.

The strategy of using our experienced CRM team to maintain the profits in GVC's German casino has allowed the Group to continue to invest in new products or acquisitions outside Germany in 2009. This strategy is not expected to alter the Group's current dividend policy.

The Group's strategy to diversify away from Germany continues to be successful. GVC's non-German brands are growing strongly and their percentage contribution to Group revenue is increasing. GVC continues to seek acquisition opportunities in selected additional markets. In the first three months of 2009, trading has been slightly ahead of management's expectations across all divisions of the Group and the Board is cautiously optimistic that 2009 will be a successful year.

Kenneth Alexander
Chief Executive
20 April 2009

FINANCE DIRECTOR'S STATEMENT

Overview

GVC has introduced three new terms into its consolidated income statement to better explain its results going forward. The first, "Contribution" represents gross profits less marketing expenditure; the second, "EBITDA" is well understood, and means earnings before interest, taxation, depreciation and amortisation. The third is "Clean EBITDA", which is EBITDA before exceptional items and share option charges.

- Net Gaming Revenue grew 17.5% to €50.1 million (2007: €42.6 million)
- Gross profits rose 22.5% to €40.9 million (2007: €33.4 million)
- Contribution rose 2.4% to €27.9 million (2007: €27.3 million)
- Non-German business now generating 31% of contribution (2007: 21%)
- Clean EBITDA reduced slightly to €19.5 million (2007: €20.0 million)
- Operating profit increased to €16.4 million (2007: €16.2 million)
- Profit before tax rose to €16.9 million (2007: €16.6 million)
- Proposed final dividend of €0.20 per share
- Cash at bank (net of customer balances) as at 31 December 2008 of €17.5 million and €24 million as at 17 April 2009

Net Gaming Revenue ("NGR")

The engine of growth during 2008 was the sportsbook, with revenues rising to €6.3 million (2007: €1.1 million) from a net win margin of 13.2% (2007: 11.7%).

Gaming revenues grew 5% to €43.8 million (2007: €41.6 million), with Poker at €6.3 million (2007: €3.4 million) and Casino falling 2% to €37.5 million (2007: €38.2 million).

In 2008, the mix of revenues both geographically and by product line changed. NGR from Germany was 54% (2007: 76%) and NGR from sports was 13% (2007: 3%).

Cost of sales and Gross profit

Cost of sales principally includes: payment processing costs, royalties on software licences and chargebacks/bad debts. By their very nature these costs vary with business activity and the mix of business. The Group has, in a number of circumstances, been able to favourably renegotiate the financial terms of some of these arrangements.

Gross profit rose 22.5% to €40.9 million (2007: €33.4 million) increasing the gross profit ratio to 82% from 78%.

Contribution

Total marketing and affiliate costs rose to €13.0 million (2007: €6.1 million) reflecting the growth in business outside Germany. The net result of higher revenues, increased profit margins and higher marketing costs led to a €0.6 million increase in contribution to €27.9 million (2007: €27.3 million).

The business outside Germany earned €8.7 million in contribution (2007: €5.6 million), 31% of the total (2007: 21%).

Operating expenses

Total operating expenses at €11.6 million were €0.5 million higher than in 2007 (€11.1 million). Before exceptional items, share option charges, depreciation and amortisation, other operating costs grew to €8.4 million from €7.3 million. Much of this increase was associated with bringing in-house the CRM and customer service functions in the offices of Malta and Israel.

	€000's 2008	€000's 2007
Personnel expenses (other than share option charges)	4,817	3,449
Professional fees – Fort Knox	(384)	692
Professional fees – Other	1,486	1,469
Office running	1,755	784
Foreign exchange differences	36	247
Other	674	653
Total	<u>8,384</u>	<u>7,294</u>

Personnel Expenses

The Group's headcount grew from 38 to 70 during the year. The costs, (net of share option charges), rose by 40% from €3,449k to €4,817k as the Group built-up its in-house presence in CRM and customer services in both Israel and Malta. Share option charges fell back from €815k to €557k as some options issued during 2004 reached the end of their charge period under accounting standard IFRS 2 – share based payments.

Professional fees

The Group has geographical presence in seven jurisdictions and licences in three. There are eight separate legal entities in the Group. As a consequence, a substantial amount of expenditure each year is incurred with professional advisors. The Group seeks at all times to get best-value for its shareholders yet at the same time have access to top quality advice. During the year the costs fell overall from €2.2 million to €1.1 million, but the bulk of this reduction was a due to a substantial charge made in 2007 and a subsequent credit in 2008 relating to the Fort Knox claim which has previously been disclosed to shareholders.

Foreign Exchange Differences

The Group's principal operating currency is the Euro. Costs are also incurred in Israeli Shekels, US Dollars and British Pounds. Exchange differences are created when net current assets/liabilities in currencies other than the Euro are translated into the Euro. In the aggregate, exchange losses of €36k were incurred in the year (2007: loss of €247k).

Exceptional items

The Group incurred exceptional costs during the year. €316k was incurred on professional fees arising from the abortive bid approach; €526k was incurred on termination and other costs associated with changing the Board during 2008; €1,075k loaned to the external operator of Winzingo was written off, as in the opinion of the directors, it is not collectable in the short term.

Depreciation and Amortisation

The depreciation charge increased from €57k to €436k principally as the Group registered, and fitted-out a branch office in Israel. Around 27 staff are employed on a formal payroll in Israel.

Amortisation decreased from €2,919k to €280k as the majority of intangible assets subject to amortisation were fully amortised in 2007.

Financial income and expense

The Group's average cash balance over 2008 was €17.3 million (2007: €12.6 million). Interest rates have of course been falling throughout 2008. The Group earned €551k (2007: €459k) during 2008, an average rate of 3.2% (2007: 3.6%).

Corporate Taxation

The Group's tax charge was derived primarily from its operations in Malta, a company which started trading in August 2007 and became profitable in 2008.

The Group tax charges include:

- Malta – a rate of 35% on taxable profits which can be reduced to an effective rate of 4.17% through a tax claim made by Gaming VC Holdings S.A. (Luxembourg).
- Netherland Antilles – a rate of 2% of its trading profits. This has been sheltered, through the write-down of intangible assets in prior years. Further profits arising in the Netherlands Antilles up to €20 million should be sheltered from tax in future years.

The Group is exposed potentially to additional tax charges as profits are passed up the Group, by dividends, depending on the composition of the underlying profits. Based on maintaining an annual Group dividend of €0.40 per share the Group could incur €1.2 million of non-reclaimable withholding tax. The Group is currently investigating ways to mitigate this risk.

Property, plant and equipment

€1.5 million of Property, plant and equipment was acquired in the year, principally through the establishment of a legal branch in Israel and further fitting-out for our offices in Malta and Rome. These assets are being depreciated over three years.

Intangible assets

Additional licences costing €435k were acquired in the year. These are being amortised over between three and five years.

Net current assets, cash and treasury matters

The Group had €19,180k of net current assets at 31 December 2008 (2007: €15,706k), an increase of 22%.

The Group had €18,834k (2007: €15,859k) of cash and cash equivalents at the balance sheet date, an increase of 18.8% on 2007. Customer account balances and the related cash and cash equivalent balances, associated with our Betaland and Betpro sites are shown on the balance sheet within both Payables and Cash and Cash Equivalents. Own funds, (excluding balances held to cover customer account balances and similar), were €17.5 million (2007: €15.2 million). This equates to €0.562 (2007: €0.489) per share.

The Group's cash is held in a variety of leading financial institutions. At the balance sheet date, the principal positions were as follows:

	€000's 2008	€000's 2007
Barclays	17,185	14,090
Bank of Valletta (Malta)	1,000	1,256
Other	649	513
Total	<u>18,834</u>	<u>15,859</u>

The currency components of the cash balances were, in Euro equivalents:

	€000's 2008	€000's 2007
Euros	18,651	15,773
US dollars	22	63
GB Pounds	147	9
Other	14	14
	<u>18,834</u>	<u>15,859</u>

Bank of Valletta has a Fitch credit rating of A- and a Moody's Investor Service rating of A3. Barclays has a Fitch credit rating of AA- and a Moody's Investor Service rating of Aa3. The Group is seeking to diversify its banking deposits.

Customer balances

Customers depositing funds for our betaland.com and betpro.it websites do so directly with GVC. The funds are held in dedicated bank and processor accounts and, in the case of betaland.com, are reported monthly to the Maltese regulator, the LGA, to comply with their requirements regarding the holding of segregated funds to cover such balances. There is no similar requirement from the Italian regulator, but the same policy is applied internally. At year-end the balances were €997k (2007: €547k).

Customers depositing funds for betting on our other sites, principally www.casinoclub.com and www.pokerkings.com, do so via Webdollar, an affiliate of Boss Media AB. Webdollar retain at all times sufficient funds to cover these balances, clearing down to GVC only the funds lost by players. Neither these customer balances, nor the associated funds held by Webdollar, are shown on the balance sheet of GVC either within receivables or trade payables.

Reserves and dividends

The Group paid an interim dividend of €0.20 per share on 31 October 2008, and, subject to shareholder approval, the final dividend, a further €0.20 per share will be paid on 29 May 2009 to all shareholders on the register on 1 May 2009. The dividend will be paid in GBP, based upon the Euro/GBP spot rate offered by Barclays Bank plc on Tuesday 8 May 2009.

Dividends are paid out of the reserves of Gaming VC Holdings S.A, ("GVC Lux") as a stand-alone corporate entity, and not on a consolidated basis. The calculation of reserves for GVC Lux. is performed under Luxembourg GAAP, not IFRS, as Luxembourg, whilst being in the EU, has not adopted IFRS.

As GVC Lux is not a trading company, its reserves are dependent on dividends received from elsewhere in the Group. Additionally, under Luxembourg corporate law, there is a legal reserve. Each year, 5% of the profit after tax is transferrable to the legal reserve, until an amount of €3,113,576 (or 10% of the issued share capital if greater) is reached.

GVC Lux has €1.5 million of distributable reserves. However, the group has had tax clearance to make a dividend payment from share premium. The short-term impact of this is that the rate of withholding tax on the final dividend will be reduced from 15% to 2.7%, resulting in a net dividend per share of €0.195, as opposed to the historically lower amount of €0.17 per share.

Proforma statement of reserves of Gaming

VC Holdings S.A. prepared under Luxembourg GAAP (in €000's)

	Share premium	Ordinary reserves	Legal reserve	Total reserves
At 31 Dec 07	53,957	(30,959)	322	23,320
Transfer to legal reserve		(671)	671	–
Write-off of historical losses	(38,145)	38,145	–	–
Final dividend paid in May 2008	–	(6,227)	–	(6,227)
	15,812	288	993	17,093
Profit for the year	–	7,455	–	7,455
Transfer to legal reserve		(373)	373	–
Interim dividend paid October 2008	–	(6,227)	–	(6,227)
Sub-total	15,812	1,143	1,366	18,321
Final dividend	(5,084)	(1,143)	–	(6,227)
Net result	10,728	–	1,366	12,094
Withholding tax thereon	0	171	0	171
Net dividend	4,913	1,143	–	6,056
Effective rate of withholding tax	Nil	15.0%		2.7%

For a reconciliation of Consolidated Balance Sheet of Gaming VC Holdings S.A. as prepared under IFRS to Company Balance Sheet of Gaming VC Holdings S.A. as prepared under Luxembourg GAAP please refer to page 50.

Richard Cooper
Group Finance Director
 20 April 2009

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GAMING VC HOLDINGS SA

To the Shareholders of Gaming VC Holdings S.A.

Report of the Réviseur d'Entreprises

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Gaming VC Holdings S.A. and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as at December 31, 2008 and the consolidated statements of income, recognised income and expense and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the Réviseur d'Entreprises

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the Institut des Réviseurs d'Entreprises. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the Réviseur d'Entreprises, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.


Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as of December 31, 2008, and of its financial performance and its consolidated cash flow for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The consolidated management report, which is the responsibility of the Board of Directors, is in accordance with the consolidated financial statements.

Luxembourg, April 20, 2009


Thierry Remacle
Réviseurs d'Entreprises
Grant Thornton Lux Audit S.A.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	Notes	Year ended 31 Dec 2008 €000's	Year ended 31 Dec 2007 €000's
Net Gaming Revenue	5	50,085	42,639
Cost of sales	6	(9,163)	(9,234)
Gross profit	6	40,922	33,405
Marketing and affiliate costs	7	(12,990)	(6,128)
Contribution	7	27,932	27,277
Operating costs (as below)	8	(11,574)	(11,085)
Other operating costs	8.1	(8,384)	(7,294)
Share option charges	8.1,22	(557)	(815)
	8	(8,941)	(8,109)
Exceptional items	8.2	(1,917)	-
Depreciation and amortisation	8	(716)	(2,976)
Operating profit		16,358	16,192
Financial income	9	551	459
Financial expense		(6)	(20)
Profit before tax		16,903	16,631
Taxation (charge)/income	10	(360)	11
Profit after taxation		16,543	16,642
Earnings per share		€	€
Basic	11.1	0.531	0.534
Diluted	11.2	0.521	0.534

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the year ended 31 December 2008

	Year ended 31 Dec 2008 €000's	Year ended 31 Dec 2007 €000's
Profit and total recognised income and expense for the year	16,543	16,642

The notes on pages 19 to 47 form part of these financial statements

CONSOLIDATED BALANCE SHEET

As at 31 December 2008

	Notes	31 Dec 2008 €000's	31 Dec 2007 €000's
Assets			
Property, plant and equipment	12	1,538	521
Intangible assets	13	55,879	55,724
Deferred tax asset		11	11
Total non-current assets		57,428	56,256
Receivables and prepayments	14	6,367	4,295
Taxation reclaimable	15	2,611	–
Cash and cash equivalents	16	18,834	15,859
Total current assets		27,812	20,154
Liabilities			
Trade and other payables	17	(5,477)	(4,404)
Taxes payable	18	(3,155)	(44)
Total current liabilities		(8,632)	(4,448)
Current assets less current liabilities		19,180	15,706
Total assets less current liabilities	19	76,608	71,962
As represented by:			
Equity			
	20		
Issued share capital		38,608	38,608
Share premium		13,832	51,977
Retained earnings		24,168	(18,623)
Total equity attributable to equity holders of the parent		76,608	71,962

These Financial Statements were approved by the Board on 20 April 2009 and signed on their behalf by:



K.J. Alexander
(Chief Executive Officer)



R.Q.M. Cooper
(Chief Financial Officer)

The notes on pages 19 to 47 form part of these financial statements

CONSOLIDATED STATEMENT OF CASHFLOWS

For the year ended 31 December 2008

	Year ended 31 Dec 2008 €000's	Year ended 31 Dec 2007 €000's
Cash flows from operating activities		
Cash receipts from customers	47,528	41,598
Cash paid to suppliers and employees	(30,703)	(22,545)
Taxes paid	(8)	–
Net cash from operating activities	<u>16,817</u>	<u>19,053</u>
Cash flows from investing activities		
Interest received	542	459
Disposal of equipment	–	40
Acquisition of property, plant and equipment	(1,453)	(562)
Acquisition of intangible assets	(435)	(95)
Net cash from investing activities	<u>(1,346)</u>	<u>(158)</u>
Cash flows from financing activities		
Interest paid	(6)	(20)
Dividend paid	(12,454)	(12,176)
Net cash from financing activities	<u>(12,460)</u>	<u>(12,196)</u>
Net increase in cash and cash equivalents	3,011	6,699
Cash and cash equivalents at beginning of the year	15,859	9,407
Effect of exchange rate fluctuations on cash held	(36)	(247)
Cash and cash equivalents at end of the year	<u>18,834</u>	<u>15,859</u>

The notes on pages 19 to 47 form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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1. SIGNIFICANT ACCOUNTING POLICIES

Gaming VC Holdings S.A. (the “Company”) is a company registered in Luxembourg and incorporated on 30 November 2004. The consolidated financial statements of the Company for the year ended 31 December 2008 comprise the Company and its subsidiaries (together referred to as the “Group”). The Group’s principal activity is that of operating an online casino, online poker and sports-betting.

1.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

1.2 Basis of preparation

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

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

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

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

The accounting policies have been applied consistently by Group entities.

1.3 Basis of consolidation

1.3.1 Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

1.3.2 Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3.3 Business combinations

All business combinations are accounted for by applying the purchase method. The cost of a business combination is measured as the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity instruments issued by the Group, plus any costs directly attributable to the combination. The identifiable assets, liabilities and contingent liabilities of the acquiree are measured initially at fair value at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill.

1.4 **Foreign currency**

The functional currency of the Group and the Company is the Euro.

1.4.1 Foreign currency transactions

Transactions in foreign currencies are translated to the Euro at the foreign exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the Euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the consolidated income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

1.4.2 Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Euro at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to the Euro at rates approximating to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in a separate component of equity.

1.5 **Property, plant and equipment**

1.5.1 Owned assets

Property, plant and equipment are stated at cost, less accumulated depreciation (see 1.5.2. below) and impairment losses (see accounting policy 1.7). Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

1.5.2 Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Fixtures and fittings:– 3 years

The residual value, if not insignificant, is reassessed annually.

1.6 Intangible assets

1.6.1 Goodwill

Acquired goodwill represents the excess of the cost of a business combination over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree at the date of acquisition. Goodwill is tested at least annually for impairment and carried at cost less accumulated impairment losses. At the date of acquisition, goodwill is allocated to cash generating units for the purpose of impairment testing. Negative goodwill arising on an acquisition is recognised directly in profit or loss.

1.6.2 Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (see 1.6.4 below) and impairment losses (see accounting policy 1.7).

The cost of intangible assets acquired in a business combination is the fair value at acquisition date. The valuation methodology used for each type of identifiable asset category is detailed below:

Magazine-related	Cost
Consulting	Income (cost saving)
Software licence	Income (incremental value plus loss of profits)
Trademarks	Relief from royalty
Goodwill	Residual balance

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense is incurred.

1.6.3 Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

1.6.4 Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and trademarks with an indefinite useful life are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Consulting agreements	3-5 years
Capitalised development costs	2-4 years
Software licence agreements	3-15 years

1.7 Impairment

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the group makes an estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is written down to its recoverable amount. Recoverable amount is the higher of fair value less costs to sell and value in use and is determined for an individual asset. If the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, the recoverable amount of the cash generating unit to which the asset belongs is determined. Discount rates reflecting the asset specific risks and the time value of money are used for the value in use calculation.

For goodwill and trademarks that have an indefinite useful life, the recoverable amount is estimated at each balance sheet date.

1.8 Dividends paid to holders of share capital

Dividend distributions payable to equity shareholders are included in "other short term financial liabilities" when the dividends are approved in general meeting prior to the balance sheet date.

1.9 Employee benefits

1.9.1 Pension arrangements

The Group does not operate any pension schemes. The Group, as part of general remuneration arrangements, makes payments directly to employees as a pension contribution allowance.

1.9.2 Share options

The Group has a share option scheme which allows Group employees and contractors to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options.

The fair value of the options granted is measured using a binomial valuation model (for options granted after 1 January 2007) and the Black-Scholes valuation model for options granted before 1 January 2007). These valuation methods take into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

1.10 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

1.11 Net Gaming Revenue (“NGR”)

Net gaming revenue is measured at the fair value of consideration received or receivable net of betting duties and similar taxes, and comprises the following elements:

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

1.12 Expenses

1.12.1 Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease, where the lessee does not bear substantially all of the risks and rewards of ownership associated with the asset.

1.12.2 Financial expenses

Financial expenses comprise interest payable on borrowings calculated using the effective interest rate method.

1.13 Exceptional items

Exceptional items are those that in judgement of the directors, need to be disclosed by virtue of their size or incidence in order for the user to obtain a proper understanding of the financial information.

1.14 Financial Income

Financial income is interest income recognised in the income statement as it accrues, using the effective interest method.

1.15 Tax

Current tax is the tax currently payable based on taxable profit for the year. Deferred income taxes are calculated using the liability method on temporary differences.

Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

1.16 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

1.17 Financial instruments

Financial assets are all classed as loans and receivables. The Group's financial assets comprise trade and other receivables and cash and cash equivalents which are classified as loans and receivables. The Group's financial liabilities comprise trade and other payables and bank borrowings.

1.17.1 Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables. Non derivative financial instruments are recognised initially at fair value, plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured at amortised cost using the effective interest method. Provision for impairment are made against financial assets if considered appropriate, and any impairment is recognised in profit or loss.

1.17.2 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Accounting for financial income and financial expense is discussed in notes 1.14 and 1.12.2 respectively.

1.18 Equity

Equity comprises the following:

"Share capital" represents the nominal value of equity shares.

"Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

"Retained earnings" represents retained profits.

2. NEW ACCOUNTING AND REPORTING STANDARDS

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2008, and have not been applied in preparing these consolidated financial statements.

Those which may have a significant effect on the financial statements are:

IFRS 8 Operating Segments – which becomes mandatory for the Group's 2009 financial statements, will require the disclosure of segment information based on the internal reports reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. This standard is concerned only with disclosure and replaces *IAS 14*.

Revised IAS 1 – Presentation of Financial Statements is aimed at improving users' ability to analyse and compare the information given in financial statements. The amended version of this standard changes the terminology and presentation of the primary financial statements and will require comparative balance sheets at both 31 December 2007 and 2008 to be disclosed in next year's financial statements. The revised standard also requires a "statement of changes in equity" to be disclosed as a primary statement, showing either all changes in equity or changes in equity comprising profit or loss, other items of income and expense and effects of changes in accounting policies and correction of errors (in which case it will be called a "statement of recognised income and expense").

Revised IFRS 3 – Business Combinations continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with some contingent payments subsequently re-measured at fair value through income. Goodwill may be calculated based on the parent's share of net assets or it may include goodwill related to minority interest. All transaction costs will be expensed.

Revised IAS 27 – Consolidated and Separate Financial Statements provides mainly guidance on changes in the ownership interests.

The Group has not yet determined all the potential effect of the new standards and interpretation not yet effective.

3. SEGMENTAL REPORTING AND BUSINESS SEGMENTS

Segment information is presented in respect of the Group's business and geographical segments. Based on risks and returns and transacting with customers, the management considers that the Group's primary reporting format is by following two business segments:

- Gaming;
- Sports Betting.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

4. ALTERNATIVE PRESENTATION OF CONSOLIDATED INCOME STATEMENT

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

	Notes	Year ended 31 Dec 2008 €000's	Year ended 31 Dec 2007 €000's
Net Gaming Revenue	5	50,085	42,639
Cost of sales	6	<u>(9,163)</u>	<u>(9,234)</u>
Gross profit	6	40,922	33,405
<i>Gross profit ratio</i>		82%	78%
Marketing and affiliate costs	7	<u>(12,990)</u>	<u>(6,128)</u>
Contribution	7	27,932	27,277
Other operating costs	8.1	<u>(8,384)</u>	<u>(7,294)</u>
Clean EBITDA		19,548	(19,983)
Exceptional items	8.2	<u>(1,917)</u>	–
Share Option Charges	8.1	<u>(557)</u>	<u>(815)</u>
EBITDA		17,074	19,168
Depreciation	12	<u>(436)</u>	<u>(57)</u>
Amortisation	13	<u>(280)</u>	<u>(2,919)</u>
Operating Profit		16,358	16,192
Financial income	9	551	459
Financial expense		<u>(6)</u>	<u>(20)</u>
Profit before tax		16,903	16,631
Taxation (charge) / income	10	<u>(360)</u>	<u>11</u>
Profit after tax		16,543	16,642

5. NET GAMING REVENUE

5.1 Analysis by quarter and by segment

	Q1 €000s	Q2 €000s	Q3 €000s	Q4 €000s	Total €000s
<u>Year ended 31 December 2008</u>					
Gaming	11,588	11,351	11,045	9,818	43,802
Sports	1,690	1,497	1,150	1,946	6,283
Total	13,278	12,848	12,195	11,764	50,085
<u>Year ended 31 December 2007</u>					
Gaming	11,276	10,725	9,699	9,864	41,564
Sports	–	–	301	774	1,075
Total	11,276	10,725	10,000	10,638	42,639

5.2 Analysis by geography and by segment

	Germany €000s	Austria €000s	Southern Europe €000s	Other Europe €000s	Other €000s	TOTAL €000s
<u>Year ended 31 December 2008</u>						
Gaming	27,154	4,198	7,983	3,954	513	43,802
Sports	–	–	6,283	–	–	6,283
Total	27,154	4,198	14,266	3,954	513	50,085
<u>Year ended 31 December 2007</u>						
Gaming	32,468	6,355	1,272	1,415	54	41,564
Sports	–	–	1,075	–	–	1,075
Total	32,468	6,355	2,347	1,415	54	42,639

6. GROSS PROFIT AND COST OF SALES

Cost of sales principally includes: payment processing costs, royalties on software licences, and chargebacks/bad debts. Gross profit is calculated as Net Gaming Revenues less Cost of Sales.

Gross profit	Germany €000s	Austria €000s	Southern Europe €000s	Other Europe €000s	Other €000s	TOTAL €000s
<u>Year ended 31 December 2008</u>						
Gaming	21,615	3,342	6,345	3,147	408	34,857
Sports	–	–	6,065	–	–	6,065
Total	21,615	3,342	12,410	3,147	408	40,922
<u>Year ended 31 December 2007</u>						
Gaming	25,358	4,963	898	1,105	42	32,366
Sports	–	–	1,039	–	–	1,039
Total	25,358	4,963	1,937	1,105	42	33,405

7. CONTRIBUTION, MARKETING AND AFFILIATE COSTS

Contribution is calculated as Gross profit, less Marketing expenditure, and Affiliate charges (being commissions and similar paid to third parties).

Contribution	Germany €000s	Austria €000s	Southern Europe €000s	Other Europe €000s	Other €000s	TOTAL €000s
<u>Year ended 31 December 2008</u>						
Gaming	19,238	2,974	1,883	2,801	363	27,259
Sports	–	–	673	–	–	673
Total	19,238	2,974	2,556	2,801	363	27,932
% of total	68.9%	10.6%	9.2%	10.0%	1.3%	
<u>Year ended 31 December 2007</u>						
Gaming	21,663	4,240	219	944	36	27,102
Sports	–	–	175	–	–	175
Total	21,663	4,240	394	944	36	27,277
% of total	79.4%	15.5%	1.5%	3.5%	0.1%	

8. OPERATING COSTS

		Year ended 31 Dec 2008 €000's	Year ended 31 Dec 2007 €000's
Other operating costs	8.1	8,941	8,109
Exceptional items	8.2	1,917	–
Depreciation		436	57
Amortisation		280	2,919
		<u>11,574</u>	<u>11,085</u>

8.1 Other operating costs

		Year ended 31 Dec 2008 €000's	Year ended 31 Dec 2007 €000's
Other Personnel expenditure	8.1.1	4,817	3,449
Share option charges		557	815
Total Personnel expenditure		<u>5,374</u>	<u>4,264</u>
Professional fees	8.1.3	1,102	2,161
Office running expenses	8.1.4	1,755	784
Foreign exchange differences		36	247
Other expenditure		674	653
		<u>8,941</u>	<u>8,109</u>
Note: Excluding share option charges		<u>8,384</u>	<u>7,294</u>

The Directors do not consider that operating expenses can be meaningfully allocated to individual segments.

8.1.1 Other personnel expenditure

		Year ended 31 Dec 2008 €000's	Year ended 31 Dec 2007 €000's
Wages and salaries, including directors' remuneration	8.1.2	3,031	1,957
Amounts paid to long term contractors		1,594	1,378
Compulsory social security contributions		123	65
Pension allowances	8.1.2	69	49
		<u>4,817</u>	<u>3,449</u>
		At 31 Dec 2008	At 31 Dec 2007
Number of personnel		Number	Number
With employment contracts or service contracts		59	15
Contractors		11	23
		<u>70</u>	<u>38</u>

8.1.2 Directors' remuneration

Included in wages and salaries are amounts paid to the directors for services during the year:

	Year ended 31 Dec 2008 €000's	Year ended 31 Dec 2007 €000's
Directors' remuneration (included with wages and salaries)	1,209	1,236
Pension allowances (included within pension allowances)	46	45
Total remuneration included within Personnel Expenditure	<u>1,255</u>	<u>1,281</u>
Termination payments included in exceptional items (note 8.2)	<u>449</u>	<u>–</u>

No payment was made in relation to the surrender of share options held by G.Cassels.

The directors who served throughout the year were:

Lee Feldman
Kenny Alexander
Nigel Blythe-Tinker

Appointed on 5 December 2008

Richard Cooper
Karl Diacono

Served from 1 January 2008 to 4 December 2008

Adrian Smith
Gerard Cassels

Included within exceptional items are the contractual termination costs, legal fees, and recruitment expenses associated with the board changes in December 2008.

8.1.3 Professional fees

The group has legal entities in the following jurisdictions: Luxembourg, Cyprus, Malta, Italy, Netherlands Antilles, Jersey and Israel. The business of Winzingo, is operated from Spain. Accordingly the group seeks professional advice in these and other jurisdictions including the UK where its shares are traded on the Alternative Investment Market ("AIM") of the London Stock Exchange.

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

	Year ended 31 Dec 2008 €000's	Year ended 31 Dec 2007 €000's
(Credit) / Costs incurred in the settlement of fees with Fort Knox Consulting LLC	(384)	692
Other professional fees	<u>1,486</u>	<u>1,469</u>
	<u>1,102</u>	<u>2,161</u>

8.1.4 Office expenditure

A full years running costs for the office in Malta were incurred, together with eight months for the office in Israel.

8.2 **Exceptional items**

The Group incurred expenditure on exceptional items (as defined in accounting policy note 1.14). These are items which are both exceptional in size and nature.

	Year ended 31 Dec 2008 €000's	Year ended 31 Dec 2007 €000's
Write-off of working capital loan to New Town Capital Limited (trading as Winzingo)	1,075	–
Termination and other costs associated with Board changes*	526	–
Professional fees associated with abortive take-over during the year	316	–
	<u>1,917</u>	<u>–</u>

* €449k of which have been classified as personnel expenditure (see note 8.1.2) and €77k of expenditure was incurred in legal and recruitment costs.

The costs underlying the working capital loan to New Town Capital Limited (trading as Winzingo) comprise: staff costs, marketing costs and office expenditure. The loan has been provided for as management do not consider this balance to be recoverable in the short term

9. **FINANCIAL INCOME**

	Year ended 31 Dec 2008 €000's	Year ended 31 Dec 2007 €000's
Interest income	<u>551</u>	<u>459</u>

10. INCOME TAX EXPENSE

Current tax

Current tax for the current and prior periods is classified as a current liability to the extent that it is unpaid. Amounts paid in excess of amounts owed are classified as a current asset. There is a current tax liability of €371,000 (net of tax receivable amounts) at 31 December 2008 (2007: €18,000).

	Year ended 31 Dec 2008 €000's	Year ended 31 Dec 2007 €000's
Recognised in the income statement		
Current tax expense		
Current year	360	–
Adjustments for prior period	–	–
	<u>360</u>	<u>–</u>
Deferred tax income		
Origination and reversal of temporary differences	–	(11)
Reduction in tax rate	–	–
Benefits of tax losses recognises	–	–
Total income tax expense/(income) in income statement	<u>360</u>	<u>(11)</u>
Reconciliation of effective tax rate		
	Year ended 31 Dec 2008 €000's	Year ended 31 Dec 2007 €000's
Profit before tax	16,903	16,631
Income tax using the domestic corporation tax rate	4,817	4,936
Effect of tax rates in foreign jurisdictions (Rates decreased)	(4,457)	(4,936)
Capital allowances for period in excess of depreciation	–	(11)
	<u>360</u>	<u>(11)</u>

A deferred tax asset was recognised as the Group considers that it more probable than not that future taxable profits will be available against which the asset could be utilised.

11. EARNINGS PER SHARE

11.1 Basic earnings per share and Basic earnings per share before exceptional items

	Year ended 31 Dec 2008	Year ended 31 Dec 2007
Basic earnings per share (in €)	<u>0.531</u>	<u>0.534</u>
Basic earnings per share before exceptional items (in €)	<u>0.593</u>	<u>0.534</u>

Basic earnings per share has been calculated by taking the profit attributable to ordinary shareholders, €16,543k (2007: €16,642k) and dividing by the weighted average number of shares in issue, 31,135,762 (2007: 31,135,762).

Basic earnings per share before exceptional items has been calculated by taking the profit attributable to ordinary shareholders of €16,543k, (2007: €16,642k) adding back the cost of exceptional items of €1,917k (2007: nil), and dividing by the weighted average number of shares in issue, 31,135,762 (2007: 31,135,762).

11.2 Diluted earnings per share and Diluted earnings per share before exceptional items

	Year ended 31 Dec 2008	Year ended 31 Dec 2007
Diluted earnings per share (in €)	<u>0.521</u>	<u>0.534</u>
Diluted earnings per share before exceptional items (in €)	<u>0.582</u>	<u>0.534</u>

Diluted earnings per share has been calculated by taking the profit attributable to ordinary shareholders, €16,543k (2007: €16,642k) and dividing by the weighted average number of shares in issue as diluted by share options, 31,726,146 (2007: 31,135,762).

Diluted earnings per share before exceptional items has been calculated by taking the profit attributable to ordinary shareholders of €16,543k, (2007: €16,642k) adding back the cost of exceptional items of €1,917k (2007: nil), and dividing by the weighted average number of shares in issue, as diluted by share options, 31,726,146 (2007: 31,135,762).

Diluted number of shares

	Year ended 31 Dec 2008	Year ended 31 Dec 2007
Weighted average number of ordinary shares at end of the year	31,135,762	31,135,762
Effect of share options in issue	<u>590,384</u>	<u>–</u>
Weighted average number of ordinary shares (diluted) at end of year	<u>31,726,146</u>	<u>31,135,762</u>

12. PROPERTY, PLANT AND EQUIPMENT

	Fixtures and Fittings €000's	Total Property Plant and Equipment €000's
Cost		
Balance at 1 Jan 2007	112	112
Disposals	(112)	(112)
Additions	562	562
Balance at 31 Dec 2007	<u>562</u>	<u>562</u>
Balance at 1 Jan 2008	562	562
Additions	1,453	1,453
Balance at 31 Dec 2008	<u>2,015</u>	<u>2,015</u>
Depreciation and impairment losses		
Balance at 1 Jan 2007	56	56
Disposal	(72)	(72)
Depreciation charge for the year	57	57
Balance at 31 Dec 2007	<u>41</u>	<u>41</u>
Balance at 1 Jan 2008	41	41
Depreciation charge for the year	436	436
Balance at 31 Dec 2008	<u>477</u>	<u>477</u>
Carrying amounts		
At 31 December 2007	<u>521</u>	<u>521</u>
At 31 December 2008	<u>1,538</u>	<u>1,538</u>

Capital expenditure related primarily to the setup of the Israeli office in the year.

13. INTANGIBLE ASSETS

	Goodwill €000's	Trade- marks €000's	Software licence €000's	Consulting €000's	Magazine €000's	Total €000's
Cost						
Balance at 1 Jan 2007	73,613	15,144	12,146	419	4,500	105,822
Additions	–	–	95	–	–	95
Balance at 31 Dec 2007	73,613	15,144	12,241	419	4,500	105,917
Balance at 1 Jan 2008	73,613	15,144	12,241	419	4,500	105,917
Additions	–	–	435	–	–	435
At 31 Dec 2008	73,613	15,144	12,676	419	4,500	106,352
Amortisation and Impairment losses						
Balance at 1 Jan 2007	33,274	–	10,769	211	3,020	47,274
Amortisation for the year	–	–	1,335	104	1,480	2,919
Balance at 31 Dec 2007	33,274	–	12,104	315	4,500	50,193
Balance at 1 Jan 2008	33,274	–	12,104	315	4,500	50,193
Amortisation for the year	–	–	176	104	–	280
At 31 December 2008	33,274	–	12,280	419	4,500	50,473
Carrying amounts						
At 31 Dec 2007	40,339	15,144	137	104	–	55,724
At 31 Dec 2008	40,339	15,144	396	–	–	55,879

13.1 Amortisation and impairment charge

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

	Year ended 31 Dec 2008 €000's	Year ended 31 Dec 2007 €000's
Net operating expenses	280	2,919

13.2 Impairment tests for cash-generating units containing goodwill and trademarks

An Impairment Review was carried out at the year end of the Group's goodwill and trademarks in CasinoClub. The carrying values of the assets were compared with the recoverable amounts, these were determined with the assistance of independent valuers. The recoverable amount was estimated based upon a value in use calculation for the Casino business, based upon management forecasts for the years ending 31 December 2009 and 31 December 2010. A long-term growth rate of 2% was used, to reflect the risk of adverse changes in legislation in the future on potential market growth. A discount rate of 18% was used, based on company specific pre-tax weighted average cost of capital. Having performed appropriate sensitivity analysis on the key assumptions (including reducing the growth rate to nil and increasing the discount rate to 20%), it was concluded that the carrying value of goodwill and trademarks was not impaired.

The following units have significant carrying amounts of goodwill:

	31 Dec 2008	31 Dec 2007
	€000's	€000's
Casino operation: GVC Corporation II B.V.	40,339	40,339

14. RECEIVABLES AND PREPAYMENTS

	31 Dec 2008	31 Dec 2007
	€000's	€000's
Trade receivables	5,475	3,021
Interest receivables	9	–
Other receivables	593	540
Loans and receivables	6,077	3,561
Prepayments	290	734
	6,367	4,295

Trade receivables include funds held by third party collection agencies as of 31 December 2008 amounting to €5.4 million, which corresponds to the revenue generated over the last 3 weeks of the 12 month period ended 31 December 2008. Prepayments include payments as at 31 December 2008 for goods or services which will be consumed after 1 January 2009.

15. TAX RECLAIMABLE

	31 Dec 2008	31 Dec 2007
	€000's	€000's
Tax reclaimable	2,611	–

Tax reclaimable represents a portion of the tax paid by GVC Corporation Limited (a wholly owned company incorporated in Malta) which is refundable by the Maltese tax authorities to Gaming VC Holdings S.A. shortly after the submission of the audited accounts and tax computation for GVC Corporation Limited.

16. CASH AND CASH EQUIVALENTS

	31 Dec 2008 €000's	31 Dec 2007 €000's
Cash and cash equivalents		
Bank balances	4,074	15,859
Treasury deposits held with banks	14,760	–
	<u>18,834</u>	<u>15,859</u>
Held in the following institutions:		
Barclays Bank	17,185	14,090
Bank of Valletta (Malta)	1,000	1,256
Other	649	513
	<u>18,834</u>	<u>15,859</u>
Held in the following currencies (in euro equivalents at the balance sheet date):		
Euro	18,651	15,773
US Dollars	22	63
British Pounds	147	9
Other	14	14
	<u>18,834</u>	<u>15,859</u>
Comprising:		
Own funds	17,502	15,232
Customer balances	997	547
Funds held in escrow representing withholding tax for founder shareholders	335	80
	<u>18,834</u>	<u>15,859</u>
Amount per share represented by own funds	€0.562	€0.489

17. TRADE AND OTHER PAYABLES

	31 Dec 2008 €000's	31 Dec 2007 €000's
Balances with customers	997	547
Other trade payables	1,254	991
Total trade payables	<u>2,251</u>	<u>1,538</u>
Accruals	2,891	2,786
Other creditors: balances due to founder shareholder in respect of withholding taxes recovered	335	80
	<u>5,477</u>	<u>4,404</u>

With-holding taxes held in escrow represent the liability to founder shareholders in relation to the recovery of withholding taxes from the Luxembourg fiscal authorities. It was paid on to the founder shareholders in January 2009.

The fair value of open bets at either period end is not material.

18. TAXATION PAYABLE

	31 Dec 2008 €000's	31 Dec 2007 €000's
Social security and other similar taxes	13	–
Value added taxes	78	–
Betting taxes and similar	82	26
Income taxes	2,982	18
	<u>3,155</u>	<u>44</u>

Income taxes principally represent tax on the profits of the operations of GVC Corporation Limited, the Group's licensed business in Malta.

19. SEGMENTAL ANALYSIS OF NET ASSETS

31 Dec 2008	Gaming €000's	Sports €000's	Unallocated €000's	Total €000's
Non current assets	55,760	770	898	57,428
Current assets	2,829	3,346	21,637	27,812
Current liabilities	(4,514)	(1,442)	(2,676)	(8,632)
Net current assets	(1,685)	1,904	18,961	19,180
Net assets	54,075	2,674	19,859	76,608
Expenditure on non current assets				
– Property, plant and equipment (note 12)	180	338	935	1,4535
– Intangible assets (note 13)	25	410	–	435
	205	748	935	1,888
31 Dec 2007	Gaming €000's	Sports €000's	Unallocated €000's	Total €000's
Non current assets	55,802	261	193	56,256
Current assets	2,142	1,248	16,764	20,154
Current liabilities	(1,097)	(441)	(2,910)	(4,448)
Net current assets	1,045	807	13,854	15,706
Net assets	56,847	1,068	14,047	71,962
Expenditure on non current assets				
– Property, plant and equipment	82	289	191	562
– Intangible assets	75	–	20	95
	157	289	211	657

The analysis of assets by currency is shown in note 23.2.1.

20. STATEMENT OF CHANGES IN EQUITY

Reconciliation of movement in capital and reserves

Attributable to equity holders parent company	Share Capital (note 20.1) €000's	Share Premium (note 20.2) €000's	Retained earnings €000's	Total €000's
Balance at 1 Jan 2007	38,608	57,926	(29,853)	66,681
Share option charges	–	–	815	815
Dividend paid in year	–	(5,949)	(6,227)	(12,176)
Total recognised income and expense	–	–	16,642	16,642
Balance at 31 Dec 2007	<u>38,608</u>	<u>51,977</u>	<u>(18,623)</u>	<u>71,962</u>
Balance at 1 Jan 2008	38,608	51,977	(18,623)	71,962
Share option charges	–	–	557	557
Transfer between reserves (note 20.2)	–	(38,145)	38,145	–
Dividend paid in year	–	–	(12,454)	(12,454)
Total recognised income and expense	–	–	16,543	16,543
Balance at 31 Dec 2008	<u>38,608</u>	<u>13,832</u>	<u>24,168</u>	<u>76,608</u>

20.1 Share capital

Since 20 December 2004 the authorised and issued share capital has been:

	Authorised	Issued
Number of Ordinary shares	40,000,000	31,135,762
Par value per share	€1.24	€1.24
Aggregate paid up value	€49,600,000	€38,608,345
Number of Redeemable shares	30,000	Nil
Par value per share	€1.24	–
Aggregate value	€37,300	–

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. However, should the Company not be satisfied as to the true identity of the shareholders it can suspend the entitlement of those shareholders to receive dividends.

As Luxembourg shares are not eligible for CREST settlement, economic interests in shares are traded through depository interests. At 31 March 2009 the true split of shares was:

Held in registered form by Capital IRG Trustees Limited	30,250,542	97.2%
Held in registered form by other shareholders	885,220	2.8%
	<u>31,135,762</u>	

The economic interest in the shares at 31 March 2009 was represented by the following significant shareholders:

Audley Capital Management Limited	9,109,911	29.259%
Capital Group International Inc	2,570,054	8.270%
Steve Barlow	1,951,927	6.269%
Toscafund Asset Management	2,547,616	8.182%
Capital Research and Management Co	1,596,600	5.128%
New Star Asset Management	1,555,348	4.995%
M&G Investment Management	1,400,000	4.496%

20.2 Share premium

At the 2008 Annual General Meeting, shareholders approved the transfer from Share Premium to retained earnings of €38,145k.

20.3 Capital management policies and procedures

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.

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 2008 was €76.6 million (2007: €72.0 million).

21. DIVIDENDS

After the balance sheet date the following dividends were proposed by the directors. The dividends have not been provided for and there are no income taxes consequences. Dividends paid from Luxembourg, are however subject to local with-holding taxes of 15%. The withholding tax is payable within eight days of the payment of the dividend.

	Year ended 31 December 2008	Year ended 31 December 2007
€0.20 per qualifying ordinary share (2007: €0.20)	<u>6,227,152</u>	<u>6,227,152</u>

22. SHARE OPTION SCHEMES

At 2 December 2004, the Group established a share option programme that entitles key management personnel and senior employees to purchase shares in the Group. During 2008 grants were made available to eligible individuals under the programme as detailed below. In accordance with the programme options are exercisable at the market price of the shares at the starting date of employment or the date of grant.

Based on the advice of external valuation experts, the valuation of the share options is conducted on two bases:

Options granted prior to 1 January 2007	Black Scholes
Options granted after 1 January 2007	Binominal

22.1 Vesting

On the first anniversary of the grant date, 25% of the option grant vests. Thereafter the balance of the option grant vests over three years, at 1/36th per month.

22.2 Options outstanding

The options which have been granted, and are still capable of being exercised as shown in the table below

Date of grant	Exercise price	Share price at date of grant	Number of options
21 Dec 2004	£4.20	£4.20	310,000
28 Sep 2005	£4.20	£5.48	53,807
16 May 2006	£4.20	£3.875	140,000
1 Mar 2007	£1.00	£1.105	800,000
15 May 2007	£1.29	£1.26	243,052
21 Aug 2007	£1.285	£1.285	110,000
21 Sep 2007	£1.345	£1.345	126,500
24 Nov 2007	£1.3816	£1.21	390,000
26 Feb 2008	£1.3816	£1.39	150,000
12 Dec 2008	£1.26	£1.00	400,000
			<hr/> <hr/> 2,723,359

The existing share option scheme allows the company to grant up to 10% of the issued Ordinary Share Capital in share options. At the balance sheet date, 7.1% had been granted and was outstanding.

22.3 Directors' interest in options

At 31 December 2008 and at 20 April 2009 (when these financial statements were approved) the Directors' interest in share options was as follows:

	Date of grant	Exercise price	Number of options
L Feldman	21 Dec 2004	£4.20	155,000
	16 May 2006	£4.20	45,000
			<u>200,000</u>
N Blythe-Tinker	21 Dec 2004	£4.20	155,000
	16 May 2006	£4.20	95,000
			<u>250,000</u>
K Alexander	1 Mar 2007*	£1.00	800,000
R Cooper	12 Dec 2008	£1.26	400,000
K Diacono	–	–	–
			<u>1,650,000</u>

* The exercise price for K Alexander was determined on the date of the announcement of him joining the company, 2 February 2007, when the mid-market closing price of the shares in the three days immediately preceding the announcement was 81.33p

22.4 Weighted average exercise price of options

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

	Weighted average exercise price 2008 GBP	Number of Options 2008	Weighted average exercise price 2007 GBP	Number of Options 2007
Outstanding at the beginning of the year	2.03	3,009,883	4.06	1,063,898
Granted during the year	1.29	550,000	1.27	2,222,180
Forfeited during the year	2.44	(836,524)	3.36	(276,195)
Outstanding at the end of the year	1.76	2,723,359	2.03	3,009,883
Exercisable at the end of the year		1,075,227		592,339

The options outstanding at 31 December 2008 have a weighted average contractual life of 8 years.

22.5 Options granted after 1 January 2007 – Binomial valuation method

The fair value of services received in return for share options granted in 2008 and 2007 were measured by reference to the fair value of share options granted. 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 individuals who were employed at 21 December 2004 was the market price on admission to AIM of £4.20 and for all other individuals either the average market price on grant date or a premium there to.

Fair value of share options and assumptions:

Date of grant	Share Price at date of grant*	Exercise price (in £)	Expected volatility	Exercise multiple	Expected dividend yield	Risk free rate**	Fair value at measurement date
1 Mar 2007	1.08	1.00	65%	2	8%	5.02%	0.46
15 May 07	1.22	1.29	50%	2	8%	5.33%	0.40
13 Jul 07	1.42	2.98	60%	2	8%	5.63%	0.53
13 Jul 07	1.42	1.60	60%	2	8%	5.63%	0.53
21 Aug 07	1.25	1.29	60%	2	8%	5.07%	0.48
21 Sep 07	1.32	1.35	55%	2	8%	5.08%	0.48
24 Nov 07	1.33	1.33	50%	2	8%	4.80%	0.44
26 Feb 08	1.35	1.3816	50%	2	12%	4.53%	0.35
12 Dec 08	1.05	1.26	50%	2	12%	3.02%	0.17

* 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.

22.6 Options granted before 1 January 2007 – Black-Scholes valuation method

The fair value of services received in return for share options granted prior to 2007 were measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured on a Black-Scholes 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 Black-Scholes model.

The option exercise price for individuals who were employed at 21 December 2004 was the market price on admission to AIM of £4.20 and for all other individuals was a range of prices, not being lower than the mid-market price of the shares on the three days immediately before the grant date.

Date of grant	Share Price at date of grant*	Exercise price (in £)	Expected volatility	Option Life (in years)	Expected dividend yield	Risk free rate**	Fair value at measurement date
21 Dec 04	£4.20	£4.20	45%	4.8	4%	4.51%	£1.33
28 Sep 05	£5.50	£5.50	45%	4.8	5%	4.22%	£1.58
28 Sep 05	£5.50	£4.20	45%	4.8	5%	4.22%	£1.95
23 Jan 06	£3.89	£3.59	45%	4.8	8%	4.16%	£0.94
23 Jan 06	£3.89	£2.98	45%	4.8	8%	4.16%	£1.10
16 May 06	£3.83	£4.20	65%	4.8	8%	4.70%	£1.23

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.

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's principal financial instruments as at 31 December 2008 comprise cash and cash equivalents. The main purpose of these financial instruments is to finance the Group's operations. The Group has other financial instruments which mainly comprise receivables and payables which arise directly from its operations. Cash and cash equivalents and trade and other receivables have been classified as loans and receivables and trade and other payables as financial liabilities measured at amortised cost.

During the year the Group did not use derivative financial instruments to hedge its exposure to foreign exchange or interest rate risks arising from operational, financing and investment activities. The Group does not hold or issue derivative financial instruments for trading purposes.

23.1 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or value of its holdings of financial instruments. Exposure to market risk (which includes currency and interest rate risk) arises in the normal course of the Group's business.

23.2 Foreign exchange risk

Foreign exchange risk arises from transactions, recognised assets and liabilities and net investments in foreign operations. The Group does not use foreign exchange contracts to hedge its currency risk. The Group dividend is declared in the Euro as a Luxembourg company. Two weeks before the dividend is due to be paid, the Company will sell the Euro and buy British Pounds for an amount equal to the dividend net of withholding tax.

The Group considers its net exposure to currency risk to be low and that the potential savings from managing this exposure to be minimal.

The Group has investments in foreign operations which are all denominated in Euros minimising the Group's exposure to currency translation risk.

23.2.1 Analysis of the balance sheet by currency

At 31.12.2008	Euro €000's	GBP €000's	USD €000's	Other €000's	Total €000's
Non-current assets	57,428	–	–	–	57,428
Receivables and prepayments	6,211	62	22	72	6,367
Tax reclaimable	2,611	–	–	–	2,611
Cash and cash equivalents	18,651	147	22	14	18,834
Total current assets	27,473	209	44	86	27,812
Trade and other payables	(3,729)	(1,467)	(151)	(130)	(5,477)
Taxation payable	(3,155)	–	–	–	(3,155)
Total current liabilities	(6,884)	(1,467)	(151)	(130)	(8,632)
Net current assets	20,589	(1,258)	(107)	(44)	19,180
Total assets less current liabilities	78,017	(1,258)	(107)	(44)	76,608
At 31.12.2007	Euro €000's	GBP €000's	USD €000's	Other €000's	Total €000's
Non-current assets	56,256	–	–	–	56,256
Receivables and prepayments	4,125	70	100	–	4,295
Tax reclaimable	–	–	–	–	–
Cash and cash equivalents	15,773	63	9	14	15,859
Total current assets	19,898	133	109	14	20,154
Trade and other payables	(2,956)	(638)	(741)	(69)	(4,404)
Taxation payable	(44)	–	–	–	(44)
Total current liabilities	(3,000)	(638)	(741)	(69)	(4,448)
Net current assets	16,898	(505)	(632)	(55)	15,706
Total assets less current liabilities	73,154	(505)	(632)	(55)	71,962

A significant proportion of the Group's financial assets and liabilities are denominated in Euros, which minimises the Group's exposure to foreign exchange risk. Management do not consider the impact of possible exchange rate movements based on current market conditions to be material to the net result for the year.

23.3 Interest rate risk

The Group earns interest from bank deposits. During the year, the Group held cash on deposits with a range of maturities of less than three months. The Group had no committed borrowing facilities as at 31 December 2008.

Management do not consider the impact of possible interest rate movements based on current market conditions to be material to the net result for the year or the equity position at the year end for either the year ended 31 December 2007 or 31 December 2008.

23.4 Credit risk

The Group has no significant concentrations of credit risk with exposure spread over a large number of customers. The Group does not grant credit facilities to any of its customers and the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

The Group has material exposure to credit risk through amounts owed by Webdollar (a third party collection agency owned by Boss Media, the Group's principal software provider) of €2.04m (2007: €2.07m) and cash balances held with Barclays Bank plc of €17.2 million (2007: €14.1 million). The Group considers the credit risk associated with these balances to be low, having assessed the credit ratings and financial strength of the counter-parties involved. The Group is seeking to diversify its banking deposits to further reduce credit risk.

No provision for impairment has been made at 31 December 2008 (2007: nil). No receivable amounts were past due date at 31 December 2008 (2007: nil).

23.5 Liquidity risk

At 31 December 2008, the Group had cash and cash equivalents of €18.8 million (2007: €15.9 million) and considers liquidity risk to be low for the business.

All liabilities at the year end are due within one year.

23.6 Fair Values

The carrying amounts of the financial assets and liabilities in the balance sheet at 31 December 2008 and 2007 for the Group and Company are a reasonable approximation of their fair values. All trade and other receivables and payables have a maturity of less than one year.

23.7 Summary of financial assets and liabilities by category

The carrying amounts of the group's financial assets and liabilities recognised at the balance sheet date are categorised as follows:

	31 Dec 2008 €000's	31 Dec 2007 €000's
<u>Current assets</u>		
Loans and receivables	6,077	3,561
Cash and cash equivalents	18,834	15,859
<u>Current liabilities</u>		
Financial liabilities measured at amortised cost: trade and other payables	5,477	4,404

24. RELATED PARTIES

24.1 Identity of related parties

The Group has a related party relationship with its subsidiaries (see note 25) and with its directors and executive officers.

24.2 Transactions with key management personnel

The Group's key management personnel are considered to be the directors as shown in note 8.1.2.

Directors of the Company and their immediate relatives control nil% of the voting shares of the Company.

G Cassels, who left the board on 5 December 2008, received part of his remuneration through a UK Service company, LNC Associates Limited, beneficially controlled by himself and his immediate family. There remains a contract with LNC Associates Limited through which other non-family personnel are employed, and who carry out accounting services on an arms length basis. The Group incurred expenses of €95k (2007: €159k) due to LNC Associates Limited during the year.

25. GROUP ENTITIES

Significant subsidiaries	Country of incorporation	Ownership interest	
		31 Dec 2008	31 Dec 2007
Gaming VC (Cyprus) Limited	Cyprus	100%	100%
Gaming VC (Jersey) Limited	Jersey	100%	100%
GVC Corporation B.V.*	Netherland Antilles	100%	100%
GVC Corporation II B.V.	Netherland Antilles	100%	100%
Gaming VC Corporation Limited	Malta	100%	100%
Gaming VC Corporation S.p.A.	Italy	100%	100%

*GVC Corporation B.V. also has a registered branch in Israel.

26. CONTINGENT LIABILITIES

The group, through its trading websites, offers progressive jackpots on slot machines.

Betaland progressive jackpots

The progressive jackpot fund in which the Betaland site participates is part of a network scheme – that is to say it is built up based on the gaming activity of every player from every operator in the network – at the end of each month, each operator pays into the central fund the amount added into it as calculated from the play of their own customers and receives back from the fund the value of jackpots won by their own customers (less a deduction to re-seed the jackpot to its starting value). If GVC customers never win such a jackpot, GVC still has to pay into the fund, but it has the peace of mind that if one of their customers does win a substantial jackpot then GVC does not have to carry that cost itself – it is basically an insurance policy, but one which provides a strong revenue-generating tool in the jackpot games themselves.

Casino Club progressive jackpots

Unlike Betaland, CasinoClub does not participate in the network progressive jackpot scheme – instead it offers an equivalent system in which only its own customers participate. This means that CasinoClub make no contributions to the central fund as it builds up (since they are the only operator in the scheme, this would serve no purpose), and should a CasinoClub customer win the progressive jackpot there is no central fund to cover the payout so the cost of this would be taken directly to the Income

Statement in the period in which it would be won.

In the 2008 financial year there were no significant one-off jackpot winners on the CasinoClub's slot machine games with associated "progressive" jackpots. The total of the available jackpots at the end of December 2008 was €4.0m (2007: €3.2m), with the largest available individual jackpot being €1.1m (2006: €1.6m).

27. ACCOUNTING ESTIMATES AND JUDGEMENTS

The directors discuss the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates.

The estimates and judgements which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

27.1 Impairment of goodwill and trademarks

Determining whether goodwill and trademarks with an indefinite useful life are impaired requires an estimation of the value in use of the cash-generating units. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and select a suitable discount rate in order to calculate present value. Note 13.2 provides information on the assumptions used in these financial statements.

The valuation work to assess the impairment of goodwill and intangible assets was conducted by Chartered Accountants, BDO Stoy Hayward, London.

27.2 Share options

Accounting for share option charges requires a degree of judgement over such matters as dividend yield, and expected volatility.

27.3 Open bets

The directors review the scale and magnitude of open bets frequently, and in particular at the balance sheet date. Assessments are made on whether to make provisions for the outcome of such open bets.

28. GOING CONCERN

The directors have assessed the financial risks facing the business, compared this risk assessment to the net current asset position and dividend policy and consider that the group has adequate resources to continue operations for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

29. SUBSEQUENT EVENTS

There have been no subsequent events between 31 December 2008 and the date of the signing of these accounts that merit inclusion.

SECTION B – ADDITIONAL UNAUDITED INFORMATION

TRADING HISTORY IN THE PERIOD SINCE INCORPORATION

	2005 €000's	2006 €000's See note below	2007 €000's	2008 €000's
Net Gaming Revenue	40,443	40,573	42,639	50,085
Gross profit	31,585	30,201	33,405	40,922
Operating profit	13,362	12,630	16,192	16,359
Profit before tax	12,807	12,707	16,631	16,903
Cash at the balance-sheet date	7,233	9,407	15,859	18,834

Notes:

1. the one month period from 30 November 2004 to 31 December 2004 has been omitted as being unrepresentative
- 1.2 In the 2006 financial year, there was a charge of €33,274k for impaired goodwill, and a charge of €8,272k for the accelerated amortisation of the software licences. The numbers above exclude these charges. Including these charges, there was an operating loss of €28,934k and a loss before tax of €28,839k.

RECONCILIATION OF CONSOLIDATED BALANCE SHEET OF GAMING VC HOLDINGS S.A.

AS PREPARED UNDER IFRS TO COMPANY BALANCE SHEET OF GAMING VC HOLDINGS S.A. AS PREPARED UNDER LUXEMBOURG GAAP

This reconciliation, which has not been audited, is designed to assist shareholders with their understanding of the preparation of the accounts of the Company under Luxembourg GAAP, which appears on pages 54 to 60.

All in €000's and at 31 December 2008

	Consolidated	Balance	Adjustments	Balance	Balance
	Balance	Sheet of	under	Sheet of	Sheet of The
	sheet	the	Luxembourg	the	Company
	Consolidation	Company	GAAP	Company	Under
	Adjustments			Luxembourg	Luxembourg
				GAAP	GAAP
Non Current Assets					
Property, plant & equipment	1,538	(1,538)	-	-	-
Intangible fixed assets	55,879	(55,879)	-	-	-
Deferred tax asset	11	(11)	-	-	-
Shares in affiliated undertakings	-	63,814	63,814	-	63,814
Formation expenses	-	-	-	2,192	2,192
	<u>57,428</u>	<u>6,386</u>	<u>63,814</u>	<u>2,192</u>	<u>66,006</u>
Current assets					
Amounts owed by affiliated undertakings	-	1,072	1,072	-	1,072
Other	27,812	(23,902)	3,910	-	3,910
	<u>27,812</u>	<u>(22,830)</u>	<u>4,982</u>	<u>-</u>	<u>4,982</u>
Current liabilities					
Amounts owed to affiliated undertakings	-	(11,876)	(11,876)	(1,737)	(13,613)
Other	(8,632)	8,186	(446)	-	(446)
	<u>(8,632)</u>	<u>(3,690)</u>	<u>(12,322)</u>	<u>(1,737)</u>	<u>(14,059)</u>
Net assets	<u>76,608</u>	<u>(20,134)</u>	<u>56,474</u>	<u>455</u>	<u>56,929</u>
As represented by:					
Retained earnings at 1 Jan 2008	(18,623)	22,858	4,235	(3,947)	288*
Transfer from share premium account	38,145	(38,145)	-	-	-
Profit for the year	16,543	(7,452)	9,091	(1,636)	7,455
Dividends paid in year	(12,454)	-	(12,454)	6,227	(6,227)
Share option reserve	557	2,605	3,162	(3,162)	-
Retained earnings at 31 Dec 2008	24,168	(20,134)	4,034	(2,518)	1,516
Share premium account	13,832	-	13,832	1,980	15,812
Legal reserve	-	-	-	993	993
Total reserves	38,000	(20,134)	17,866	455	18,321
Share Capital	38,608	-	38,608	-	38,608
	<u>76,608</u>	<u>(20,134)</u>	<u>56,474</u>	<u>455</u>	<u>56,929</u>

* For Reconciliation see page 55

SECTION C – FINANCIAL STATEMENTS OF GAMING VC HOLDINGS S.A.

As prepared under Luxembourg GAAP.

GAMING VC HOLDINGS S.A.

ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2008
(with report of the Réviseur d'Entreprises thereon)

To the Shareholders of
Gaming VC Holdings S.A.
13-15 Avenue de la Liberté
L-1931 Luxembourg

REPORT OF THE RÉVISEUR D'ENTREPRISES

Report on the annual accounts

We have audited the accompanying annual accounts of GAMING VC HOLDINGS S.A., which comprise the balance sheet as at December 31, 2008, and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory notes to the annual accounts.

Board of Director's responsibility for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and the fair presentation of annual accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the Réviseur d'entreprises

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the Institut des réviseurs d'entreprises. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend the judgement of the réviseur d'entreprises, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risks assessments, the réviseur d'entreprises considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinion.

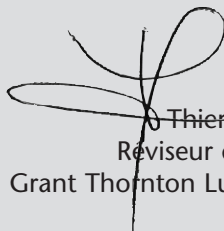
Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of GAMING VC HOLDINGS S.A. as of December 31, 2008, and of the results of its operations for the year then ended in accordance with the Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the board of directors, is consistent with the annual accounts.

Luxembourg, April 20, 2009


Thierry REMACLE
Réviseur d'Entreprises
Grant Thornton Lux Audit S.A.

STATUTORY BALANCE SHEET

As at 31 December 2008

In euro

	Notes	2008 €	2007 €
ASSETS			
Formation expenses	2.3/3.1	<u>2,192,420</u>	<u>4,478,846</u>
Fixed assets			
Financial assets			
Shares in affiliated undertakings	2.4/3.2	<u>63,813,914</u>	<u>63,813,914</u>
Current assets			
Amounts owed by affiliated undertakings			
Debtors becoming due within one year		1,071,652	1,071,790
Other Debtors			
Debtors becoming due within one year	2.5	2,611,164	–
Cash at bank		<u>1,284,526</u>	<u>5,001,901</u>
		4,967,342	6,073,691
Prepayments		<u>15,255</u>	<u>41,920</u>
		<u>4,982,597</u>	<u>6,115,611</u>
TOTAL ASSETS		70,988,931	74,408,371
LIABILITIES			
Capital and reserves			
Subscribed capital	4	38,608,345	38,608,345
Share premium account		15,812,333	53,957,115
Legal Reserve	6	992,921	322,279
Profit and loss account		<u>1,515,970</u>	<u>(30,959,090)</u>
		<u>56,929,569</u>	<u>61,928,649</u>
Creditors			
Amounts owed to affiliated undertakings becoming payable after more than one year	2.6 7	–	9,500,000
Amounts owed to affiliated undertakings becoming due and payable within one year	7	13,613,119	2,838,415
Other creditors due and payable within one year	8	<u>446,243</u>	<u>141,307</u>
		<u>14,059,362</u>	<u>12,479,722</u>
TOTAL CAPITAL, RESERVES AND LIABILITIES		70,988,931	74,408,371

The accompanying notes from an integral part of these annual accounts

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2008

In euro

	Note	Year ended 31 Dec 2008 €	Year ended 31 Dec 2007 €
CHARGES			
External charges		413,803	710,605
Value adjustment in respect of formation expenses	2.3	2,286,426	2,286,426
Other operating charges		85,541	251,864
Interest payable and similar charges			
Concerning affiliated undertakings		498,497	430,350
Other interest and similar charges		5,980	6,733
Exceptional Items		316,072	–
Other Taxes not shown under the above items		7,673	–
Profit for the year		<u>7,455,224</u>	<u>13,412,844</u>
		<u>11,069,216</u>	<u>17,098,822</u>
INCOME			
Income from affiliated undertakings		10,040,256	17,050,000
Interest receivable and similar income		78,051	48,822
Tax Credit		950,909	–
		<u>11,069,216</u>	<u>17,098,822</u>

STATEMENT OF MOVEMENT ON PROFIT AND LOSS ACCOUNT

Balance as at 1 January	(30,959,090)	(38,144,782)
Transfer to legal reserve	(670,642)	–
Transfer from share premium account	38,144,782	–
Final dividend paid after the year-end	(6,227,152)	–
	<u>287,898*</u>	<u>38,144,782</u>
Profit for the year	7,455,224	13,412,844
Interim dividend paid during the year	(6,227,152)	(6,227,152)
Balance as at 31 December	<u>1,515,970</u>	<u>(30,959,090)</u>

* Refer to page 50

The accompanying notes form an integral part of these annual accounts

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

Gaming VC Holdings S.A. (the "Company") was incorporated under the laws of Luxembourg on November 30, 2004 under the legal form of a "Société Anonyme".

The Company is established for an unlimited period.

The registered office of the Company is at 13-15 Avenue de la Liberte, L-1931 Luxembourg and the Company is registered with the Register of Commerce of Luxembourg under the section B number 104348.

The purpose of the Company is the acquisition of ownership interests, in Luxembourg or abroad, in any form whatsoever, and the management of such ownership interests. The Company may in particular acquire by subscription, purchase, and exchange or in any manner any stock, shares and other securities, bonds, debentures, certificates of deposit and other debt instruments and more generally any securities and financial instruments issued by any public or private entity whatsoever.

The Company may participate in establishment, development of any financial, industrial or commercial enterprises.

The Company may also borrow in any form and proceed to the issue of notes, bonds and debentures, and any kind of debt and/or equity securities. The Company may lend funds including the proceeds of any borrowings and/or issues of debt securities to its subsidiaries, affiliated companies or to any other group company. It may also give guarantees and grant security interests in favour of third parties to secure its obligations or the obligations of its subsidiaries, affiliated companies or any other group company. The Company may further mortgage, pledge, transfer, encumber or otherwise hypothecate all or some of its assets.

The Company may also acquire and exploit all patents and all other ancillary property rights which are reasonable and necessary for the exploitation of such patents.

On December 21, 2004, the Company raised GBP 81 (EURO 117.5) million through the subscription by Collins Stewart of Ordinary Shares, and their placing with institutional and other investors at 420 pence per share ("the Placing"). The Placing was subject to Admission of the Company on the Alternative Investment Market ("AIM") in London.

The Company's financial year begins on the first day of January and terminates on the last day of December.

The Company prepares consolidated financial statements. Copies of the consolidated financial statements are available at the parent company's registered office.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of presentation

The annual accounts of the Company are prepared in accordance with current Luxembourg legal and regulatory requirements.

2.2 Basis of conversion for items originally expressed in foreign currency

The Company maintains its accounting records in euro (“EURO”) and the balance sheet and profit and loss account are expressed in this currency.

Income and charges are translated at the exchange rates ruling at the transaction date. Fixed assets are valued using historical exchange rates. Other current assets and liabilities expressed in foreign currencies are translated into euro at the rates of exchange in effect at the balance sheet date. Realised exchange gains and losses and unrealised exchange losses are recognised in the profit and loss account.

2.3 Formation expenses

Expenses relating to the creation or extension of the Company are recorded as formation expenses.

Formation expenses are amortised on a straight-line basis at an annual rate of 20%.

2.4 Valuation of financial fixed assets

Financial assets are valued in the accounts at cost. Value adjustments are made in respect of financial fixed assets to recognise a durable reduction in the value of the investments, such reduction being determined and made for each investment individually.

2.5 Debtors

Debtors are stated at their nominal value. Value adjustments are recorded at the end of the financial year if the net realisable value is lower than the book value.

2.6 Creditors

Creditors are stated at their nominal value.

3. FINANCIAL ASSETS

3.1 Formation Expenses

The movements in the year are as follows

	EURO
Cost	
Balance as at 1 Jan 2008	11,432,128
Additions for the year	–
Balance as at 31 Dec 2008	<u>11,432,128</u>
Amortisation	
Balance as at 1 Jan 2008	6,953,282
Charge for the year	2,286,426
Balance as at 31 Dec 2008	<u>9,239,708</u>
Carrying Amounts	
As at 31 Dec 2007	4,478,846
As at 31 Dec 2008	<u>2,192,420</u>

3.2 Shares in affiliated undertakings

Financial assets represent shares in the following undertakings:

	Acquisition cost EURO	Value adjustment EURO	Net book value	Shareholders' equity(*) EURO	Result for the year(*) EURO
Gaming VC (Cyprus) Limited, 100%	<u>105,000,000</u>	<u>(41,546,086)</u>	<u>63,453,914</u>	<u>63,571,440</u>	<u>2,422</u>
Gaming VC Corporation Limited, Malta, 100%	<u>240,000</u>		<u>240,000</u>	<u>2,282,191</u>	<u>2,060,616</u>
Gaming VC Corporation S.p.A Italy, 100%	<u>120,000</u>		<u>120,000</u>	<u>(2,178,892)</u>	<u>(2,296,664)</u>

*The figures are taken from the annual accounts as at December 31, 2008. The shareholders equity includes the result for the year as well as the interim dividend paid in Cyprus in 2008.

As at December 31, 2006, the Company decided to record a value adjustment on its shares in Gaming VC (Cyprus) Limited for an amount of EURO 41,546,086 in order to reflect the durable reduction in the value of this investment. In July 2007 GVC Holdings incorporated two wholly owned subsidiaries, GVC Corporation Limited in Malta and GVC Corporation SpA in Italy. No provision has been made for the Company's investments in Gaming VC Corporation SpA as the directors believe the deficit on shareholders' equity will reverse in future periods.

3.3 Amount owed by affiliated undertakings

This amount corresponds primarily to costs due by Gaming VC (Jersey) Limited, a subsidiary of the Group Gaming VC, relating to the acquisition of intangible assets by this subsidiary.

4. CAPITAL AND RESERVES

The authorised share capital of the Company is 40,000,000 ordinary shares of €1.24 each and 30,000 redeemable shares of €1.24 each.

The authorised and not yet issued share capital of the Company is 8,864,238 ordinary shares of €1.24 each and 30,000 redeemable shares of €1.24 each.

Capital fluctuations during the period are illustrated in the table below:

	Number of ordinary shares issued	Share value EURO	Total Value EURO
At December 31, 2007	<u>31,135,762</u>	1.24	<u>38,608,344.88</u>
At December 31, 2008	<u>31,135,762</u>	1.24	<u>38,608,344.88</u>

The Company has not issued any redeemable shares since incorporation.

On admission to the AIM market, a share premium of EURO 78,953,651 was recorded.

At the AGM held on 20 May 2008 in Luxembourg shareholders agreed to write down the share premium reserve by an equal amount to the historic retained losses.

4.1. INTERIM DIVIDENDS

Based on the interim balance sheet of the Company as at October 10, 2008, the Board of Directors paid an interim dividend of an aggregate net amount of EURO 6,227,152 on October 31, 2008 (2007: EURO 6,227,152)

5. SHARE PREMIUM ACCOUNT

The movements in the Share Premium account are shown below:

In EURO	Year ended 31 Dec 2008	Year ended 31 Dec 2007
Balance at start of year	53,957,115	59,905,945
Transfer from profit and loss account	<u>(38,144,782)</u>	<u>(5,948,830)</u>
Balance at end of year	<u>15,812,333</u>	<u>53,957,115</u>

6. LEGAL RESERVE

Under Luxembourg corporate law, the Company must appropriate annually at least 5% of its statutory net profits to a legal reserve until the aggregate reserve equals 10% of the subscribed share capital. Such reserve is not available for distribution.

The movements in the Legal reserve are shown below:

In EURO	Year ended 31 Dec 2008	Year ended 31 Dec 2007
Balance at start of year	322,279	322,279
Transfer from profit and loss account	670,642	–
Balance at end of year	<u>992,921</u>	<u>322,279</u>

7. AMOUNTS OWED TO AFFILIATED UNDERTAKINGS

Amounts owed to affiliated undertakings becoming due and payable within one year corresponds to costs incurred by the Company relating to staff and external charges in 2008 which have been paid by various subsidiaries of the Group and the loan granted by Gaming VC Corporation B.V. with maturity on December 31, 2009 and bearing interest at a rate per annum expend to EURIBOR + 0.5%.

8. OTHER CREDITORS

This amount mainly corresponds to costs incurred by the Company relating to staff, external charges and withholding tax payable in relation with the interim dividends paid.

9. PERSONNEL

There were no employees during the year.

10. COMMITMENTS AND CONTINGENCIES

On December 2, 2004, the Group established a share option programme that entitles key management personnel and senior employees to purchase shares in the Group. On December 21, 2004, a grant was made to two non-executive directors and on September 28, 2005, a grant was made to other eligible individuals under the programme. On 23 January 2006, and 16 May 2006, grants were made to eligible individuals under the programme. During 2007 and 2008 additional grants were made to eligible individuals under the programme.

In accordance with these programmes, options are exercisable at a set price, normally the market price, of the shares at the date of grant. Options vest and become exercisable as to one quarter on the first anniversary of the date of grant with the balance vesting and becoming exercisable in 36 equal monthly installments over the subsequent three years.

As of December 31, 2008, 2,723,359 (3,009,883 as of December 31, 2007) share options were outstanding and no share option had been exercised under this programme.

