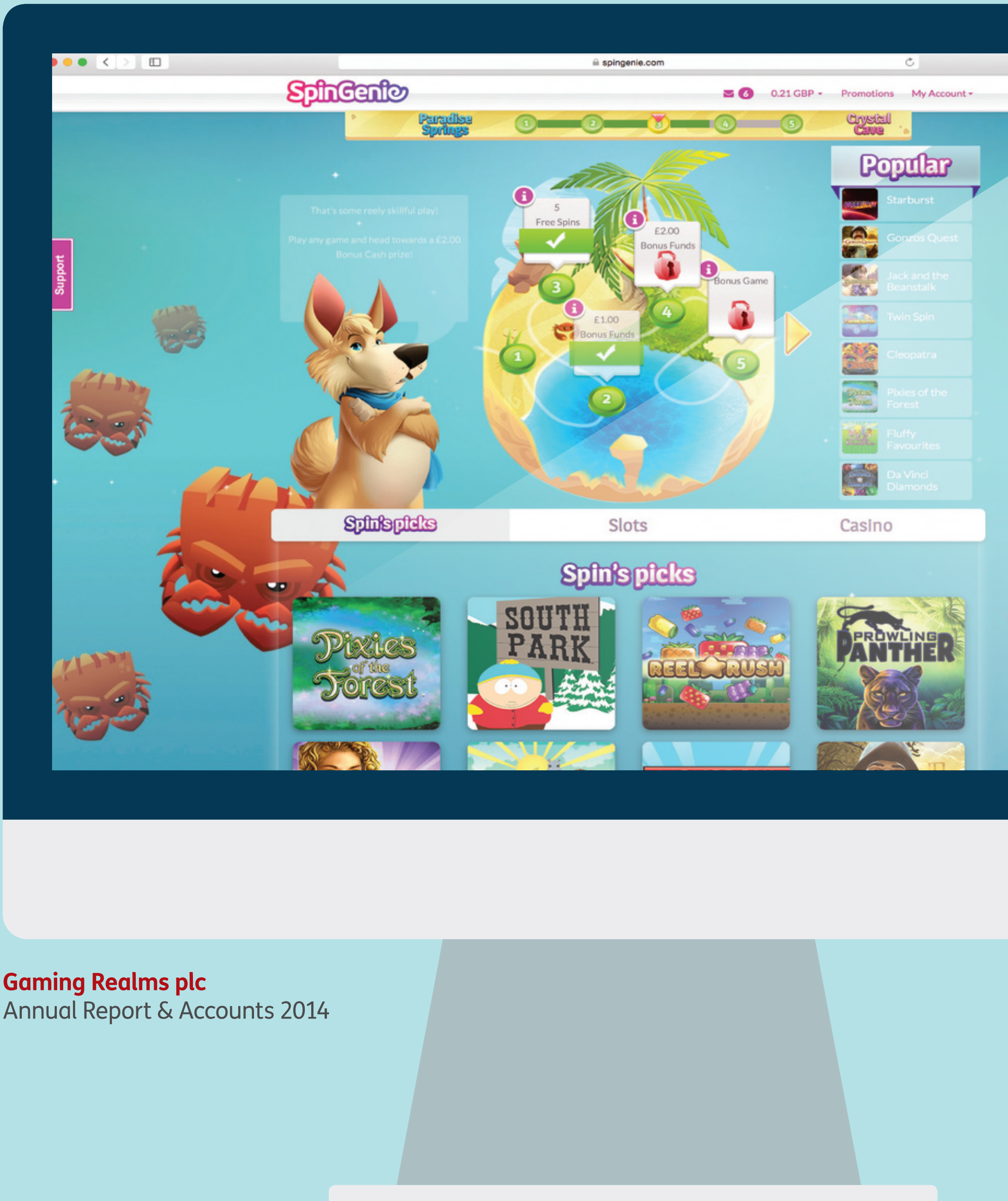
GAMING REALMS
PLAYING A NEW GAME

An Evolution in Gambling



Gaming Realms plc
Annual Report & Accounts 2014

The Group hopes to become a market leader in the mobile-led casual gambling market forecast to be worth $100bn worldwide in 2 years.

www.gamingrealms.com

Highlights

Operational highlights

- Increase of 635% in new real money gambling depositors compared to the previous financial period.
- Increase of 338% in average daily players compared to previous financial period.
- Acquisition of QuickThink Media Limited and Blueburra Holdings Limited.
- Completion of new in-house scalable platform which includes a feature set to enhance conversion, retention and monetisation of real money gambling players.
- Obtained licences from the Alderney Gambling Control Commission and the UK Gambling Commission.

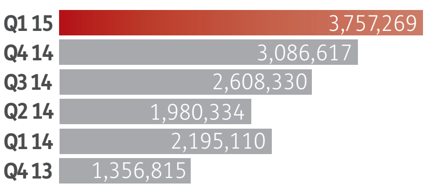
Financial highlights

£11.2m
Revenue (2013: £0.9m)

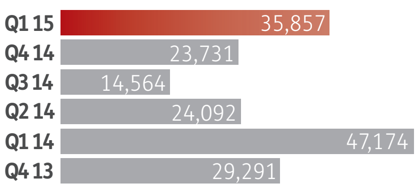
138,852
New depositing players (2013: 18,881)

6,003
December average daily players (2013: 1,370)

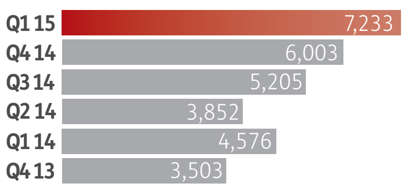
Revenue £'s



First time depositors



Average daily players



Gaming Realms at a Glance

Gaming Realms is exploiting two major industry trends. Firstly; the much talked about switch by consumers to mobile devices and secondly; the increasing use of features derived from social games designed to increase player lifetime and revenues.

The Group has built its own platform and is showing up to 68% of players using mobile and tablet devices. The existing gambling industry has been slow to adapt to this change, with research showing historic use of mobile at only 17%. With this strategy the business hopes to expand the current 1.73m online UK slot market into the relatively untouched 12m adult UK social games market.*

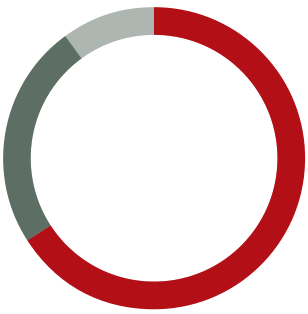
* Source: Kadence sizing online bingo market Great Britain May 2014

Operating Divisions

AlchemyBet

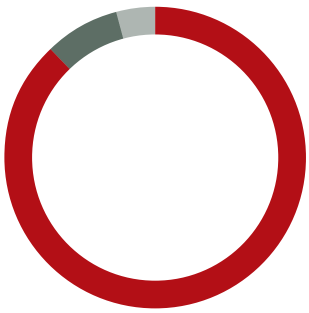
AlchemyBet has now developed its social gaming platform acquired from Bejig into the real money gaming platform which is now operated by Bear Group Limited in Alderney. AlchemyBet has now licensed its brand, PocketFruity, to Bear Group to operate. AlchemyBet's strategy is to continue the development of the platform with new unique content as well as grow its user base in the UK via effective marketing of the PocketFruity brand, along with establishing a number of B2B game licensing and/or distribution agreements.

Revenue (by product)



- 66% Marketing Services
- 24% Desktop
- 10% Social Gaming

Revenue (by geography)



- 88% UK, including Channel Islands
- 8% USA
- 4% Rest of the World

Significant Shareholders	At 31.03.2015
Michael Buckley	9.22%
Patrick Southon	5.58%
Simon Collins	5.30%
Other Directors and management team	10.70%
Rich Ricci	8.51%
Helium Rising Stars Fund Limited	7.79%
Artemis Alpha Trust plc	6.52%
Others	46.38%

QuickThink Media

QuickThink Media Limited ("QTM") is a specialist online gaming marketing agency, with particular expertise in online bingo and casino products. QTM was acquired in December 2013 and supports the Group's strategy to establish itself within the bingo and casino segments of the real money and the social gaming markets. QTM enhances Gaming Realms' activities by capturing new users across emerging digital channels including Facebook, as well as cross promoting players to its own databases and vice versa. QTM also provides marketing for other clients such as Iceland and Macmillan Cancer Support.

Blueburra Holdings

Blueburra Holdings Limited ("BBH") is a specialist E-Gaming affiliate company with an award winning portal, bingoport.com. BBH was acquired in September 2014 in order to further enhance the Group's marketing capabilities and complement the acquisition and player data within QTM.

Bear Group

Bear Group is an Alderney registered real-money gambling company which owns and operates a number of gambling products powered by its proprietary gambling platform. It holds a category 1 and 2 licence from the Alderney Gambling Control Commission as well as a licence with the UK Gambling Commission and, as a result, it is ideally positioned to take the Group's innovative gambling products both to the UK and other regulated markets. Its first brand SpinGenie, has already gained a lot of traction with a large TV and online marketing campaign.

Our Brands

Real money Gambling

This is operated by Bear Group on our new in-house platform. The leading brands are SpinGenie and PocketFruity, which are both casinos targeted at the UK casual gambling market. The platform has been built for mobile and web and we are seeing over three times more sessions on mobile than desktop. SpinGenie also has social levels which are used to appeal to a more female, casual audience. The levels create enhanced engagement for the players on the site.

White label Bingo

QTM and BBH market ten white label bingo sites, most notably Iceland Bingo, Diva Bingo and LuckyCharm Bingo. We use the multiple sites in order to increase player acquisition and increase retention among the portfolio of brands.

Chairman's Statement

Our objective is to offer a more fun entertainment based approach to gambling, which we will offer to a wider audience using modern methods of delivery and analysis. We are quite literally... playing a new game.

I am pleased to announce strong growth in the 15 month period ended 31 December 2014.

Gaming Realms has delivered solid growth in 2014 with revenue rising to £11.2m (2013: £0.9m) with an adjusted EBITDA loss to £7.8m (2013: £2.3m) reflecting the Group's investment in player acquisition and platform development.

Acquisitions

In December 2013 Gaming Realms acquired QTM, an award winning specialist online gambling marketing agency for £2.3m. The addition of the QTM team has enhanced the Group's strategy of acquiring players across its brands.

On 5 September 2014 Gaming Realms acquired BBH for up to £10.5m. Voted best Bingo Affiliate (bingoport.com) this has enhanced the marketing capabilities of the Group even further.

These two businesses are important building blocks in both marketing and data acquisition support of the Group's overall strategy.

Strategy

Gaming Realms strategy has remained focussed on delivering real money gambling to the casual gaming market through new content and social elements across multi-platforms. We have built our new proprietary platform on which we launched SpinGenie and to which we migrated PocketFruity. We have been very successful in acquiring new players with 138,852 new depositing players acquired across the Group's brands in the period (2013: 18,881).

The new platform is delivering very strong growth on mobile. We are seeing 68% of our players using a mobile device with over 60% of new users registering and depositing on mobile.

We are looking to add new unique content onto the platform and announced in December 2014 the exclusive licence for a real money gambling version of Slingo from RealNetworks which is an exciting format for the platform. At its peak, Slingo achieved 52 million unique monthly active players worldwide and it lends itself very well to the mobile gaming market. We have added social gaming features into the player experience which have increased player retention and ultimately player lifetime values.

Source: RealNetworks October 2014.

Financial review

In line with the trading update issued on the 23 March 2015, Gaming Realms is pleased to announce solid growth throughout 2014 with revenue rising to £11.2m (2013: £0.9m) and a corresponding increase of adjusted EBITDA loss to £7.8m (2013: £2.3m) as the Group has invested heavily in player acquisition and platform development. Investment in player acquisition has led to an increase in average daily active depositing players to 4,198 (2013: 1,012). As at 31 December 2014 the Group had no debt and held £4.0m (2013: £5.2m) in cash.

Details of the risks facing the Group and its policies to manage these risks can be found on page 12. The Group's KPI's of net revenue, EBITDA, cash at year end, new depositing players and active depositing players can be found below.

Outlook

With our heavy investment in player acquisition and platform development, the Board believes Gaming Realms is well placed to continue growth throughout 2015. We have seen very positive results in the first quarter of 2015, with net gaming revenue from real money on our platform increasing 80% quarter on quarter to £1.8m (Q4 2014: £1.0m).

Michael Buckley
Chairman

21 April 2015

Our history

August 2013
AIM admission
Admission onto AIM by a reverse takeover

December 2013
Acquisition of QuickThink Media
Buys marketing firm QuickThink Media for £2.3m

July 2014
Awarded Alderney licence
Alderney licence granted to Bear Group

September 2014
Completion of acquisition of Blueburra Holdings
Buys Blueberra Holdings for £10.5m

Proprietary platform launched

November 2014
Slingo
Signs exclusive deal for Slingo

March 2015
PocketFruity migrates onto SpinGenie platform

April 2015
Launch of Slingo

Financial key performance indicators

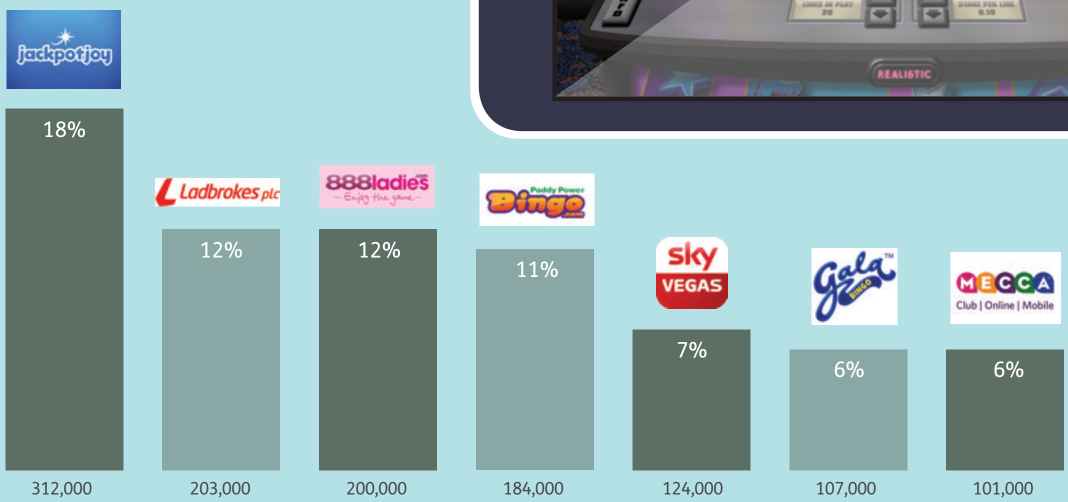
	2014 £000s	2013 £000s
Revenue	**11,227**	881
Adjusted EBITDA	**(7,818)**	(2,323)
EPS from continuing operations (pence)	**(5.90)**	(9.34)
Total assets	**23,298**	12,563
Cash and cash equivalents at the period end	**4,014**	5,185
Average monthly depositing players (number)	**9,257**	9,153
Average daily active depositing players (number)	**4,198**	1,012

Market Positioning

UK market consists of only 1.73m online slot players and 2.48m online bingo players as at May 2014.

Source: Kadence Online Bingo Market sizing May 2014.

Most played sites



Source: Kadence – active players in 12 months May 2013-14.

After only six months of operations SpinGenie now accounts for 1.2% of the 1.73m UK slot market; management believes this is not only indicative of good growth to-date but also demonstrates the size of the opportunity as yet untapped by the Group's products.

Prior to the launch of SpinGenie the UK gambling landscape was roughly 92% playing on desktop which contrasts starkly with the 68% mobile and tablet devices which SpinGenie exhibits, again further evidence of the opportunity that the Group has within the UK market place.

We are well placed to meet the intense change that the market is going through...

"We have seen this before"

4G was introduced to the UK two and a half years ago. Since then the number of subscribers has exceeded 15 million growing at more than double the rate of 3G subscriptions*. The proliferation of 4G will result in mobile data usage growing 70% year on year with average data use on 4G being three times more than 3G average per user**.

Ad network InMobi asserts mobile media time spent by consumers now exceeds TV usage and also PC internet usage with 25% of this time spent playing games or listening to music***.

The newly developed Gaming Realms platform and products, such as SpinGenie, are built to take advantage of the uptake in 4G and mobile media time. The platform and brand are designed for mobile play which will be the preferred consumption touch point from 2015. Encouragingly we are already seeing increased registrations and deposits on the latest devices and screens. The Board believes that Gaming Realms is well positioned to capitalise on these market factors.

* Source: wired.co.uk January 2015
** Source: digitalspy December 2014
*** Source: InMobi February 2015

Market Snapshot

2.48m
online bingo players

1.73m
online slot players

30%
of players are already playing via mobile compared to 68% on SpinGenie

Our Strategy

Gaming Realms will grow its business by offering its products to a substantial and growing customer base; through a unified technology platform which deploys the latest customer acquisition, retention and monetisation techniques.

Acquisition

- New platforms
- New marketing channels
- New "fun" brands
- Targeted corporate acquisition

How are we doing this?

- Multiple brands designed to achieve low CPAs for different marketing channels.
- New platforms which allow players to play across any device.
- Selected acquisition such as QTM and BBH which enhances understanding of the latest customer acquisition methods.

Retention

- In game levels
- Collections
- Unified notifications
- Algorithmic customer relationship management ("CRM")

How are we doing this?

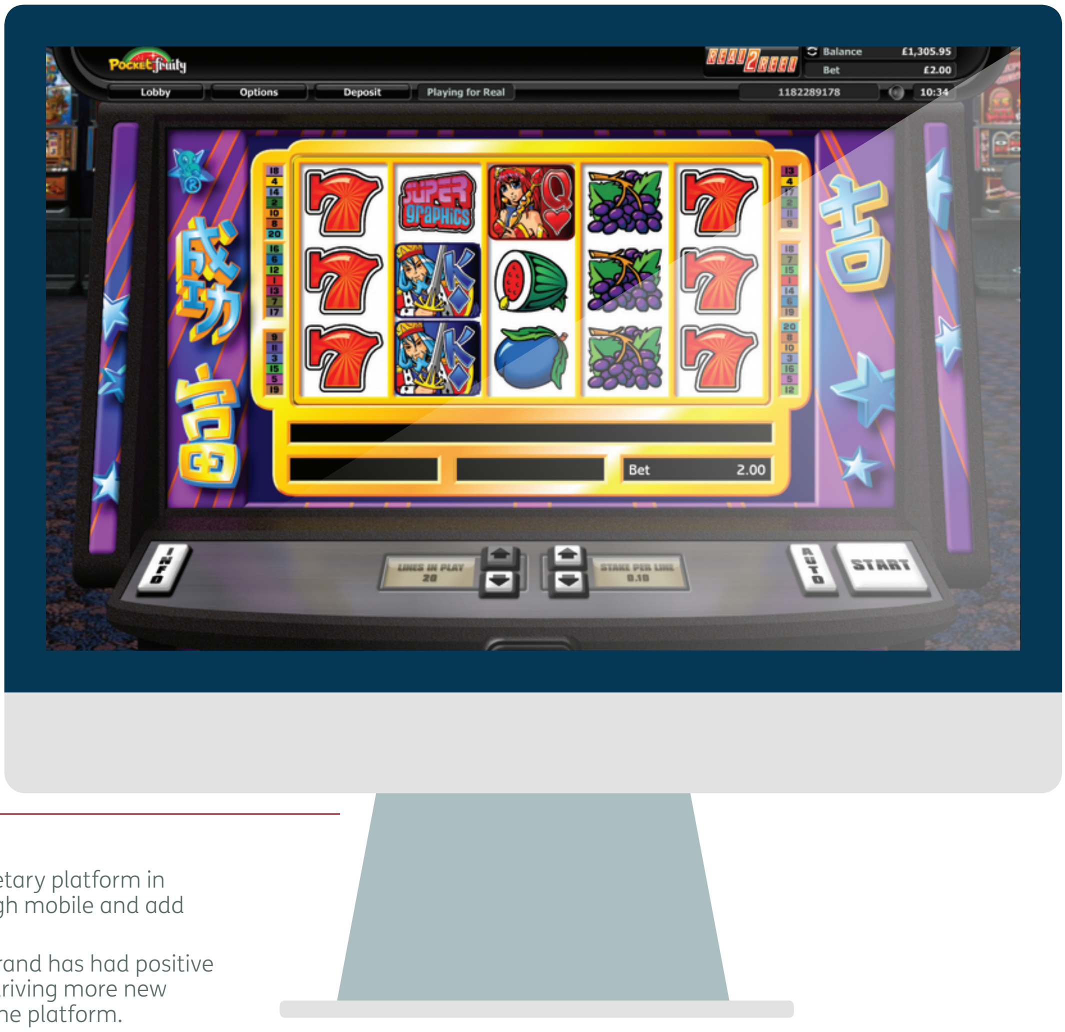
- Where appropriate use of the tools developed for social games which enhance the player lifetime.
- One-to-one consumer marketing which allows for a more in-depth relationship with the player.
- Deeper segmentation of player segments in order to "personalise" CRM to various player habits.

Monetisation

- Freemium games
- Database management
- New payment methods

How are we doing this?

- As wide a selection of games as possible.
- Cross promotion via "cohorts" into the most appropriate product.
- New simplified methods of payment to allow for a seamless entry into the gaming experience.



Progress

- Developed new proprietary platform in order to acquire through mobile and add in attribution models.
- Launch of SpinGenie brand has had positive effect on acquisition, driving more new depositing players to the platform.
- Acquisition of QTM and BBH has increased marketing power for our platform.

Progress

- SpinGenie has been built with in-game levels and for players to achieve targets. This has increased retention to 50% in their second month.
- We have implemented Algorithmic CRM across all platforms with increased retention and monetisation of players.
- We have built in-game notifications for players to increase retention on the site.
- We have built engaging mobile proposition with almost four times more sessions on this device versus traditional desktop.

Progress

- We have built a strong team for VIP management to build relationships to increase revenues and retention from the player segment.
- We have implemented payment via mobile phone to attract a wider base of players. This accounts for c. 20% of deposits on the platform.

The Group's work on delivering a platform which is scalable, mobile focussed and with built in social gaming elements is at the centre of the strategy. The platform and its unique content, such as Slingo, are deployed for this purpose in order to:

- target the casual gambling market;
- shared distribution via web, tablet and mobile platforms; and
- deploy common success factors in customer acquisition and retention, design and monetisation.

This strategy is attractive by virtue of:

- The platform is now scaling rapidly with 80% month on month growth in deposits to March 2015;
- an experienced management team with a strong track record;
- a well-defined market; and
- strong potential for growth in shareholder value.

Chief Executive's Review

We have built a new range of products to enable users to gamble via new touch points such as mobile.

Development
We are continuing to see a shift in player behaviour towards mobile play. We took the decision in November 2013 to accelerate our expansion to exploit this market with the investment in our social gaming platform for real money gambling games on mobile. Our subsidiary, Bear Group Limited, obtained licences from the Alderney Gambling Control Commission and the UK Gambling Commission and launched its first brand SpinGenie in September 2014. This has been a major undertaking for the Group.

SpinGenie has been built to work cross platform and specifically for mobile acquisition and play. It has also accommodated social gaming elements of levels and rewards to encourage increased player engagement. We have been very pleased with the last six months growth on SpinGenie with over 22,000 new depositing players up to 31 March 2015. Over 60% of the players are registering via mobile or tablet devices and the easy sign up process has resulted in much lower CPA than we have been seeing in other casinos we have marketed.

Such was the success that in March 2015 we also migrated our existing real money gambling brand PocketFruity onto the new platform. This has seen synergies in terms of maintaining only one platform but also seen increased deposits and daily players since the successful migration. We are optimistic we can also see rapid growth from PocketFruity.

Marketing
A very important part of our strategy is being able to achieve a position as active market leader in terms of player acquisition. To this end we have acquired two award winning businesses; QTM is a specialist online gambling marketing agency which we have utilised to acquire players across our portfolio of brands. In the financial period, the Group marketing spend was £10.2m (2013: £1.75m) acquiring a total of 138,852 new depositing players at an overall CPA of £73.50. QTM also marketed a number of white label sites including a joint venture with Iceland Bingo.

In September 2014 the Group acquired BBH which brought with it a number of white label bingo brands and affiliate portal bingoport.com. With both these assets, the Group has gained a large database of valuable players who we are able to cross-sell effectively across all the sites in order to prolong activity within the portfolio of products. Since acquisition we have achieved operational synergies with the integration of BBH into the Group.

Licensing deals focussing on innovative content
Gaming Realms will to continue to invest heavily in marketing and grow the SpinGenie and PocketFruity brands. We will also continue to enhance the player experience as we add more unique content to the platform. We are excited by the potential for Slingo and aim to add more social elements into the gaming experience and further reduce CPA.

We believe licensing deals exemplified by the RealNetworks deal are of particular interest to our key market segment: the UK female market. This market has to date been under represented in the UK due to the heavy focus on Sports books. Early statistics support this hypothesis with 60% of players being female on SpinGenie as well as providing a higher revenue per player.

Above all player protection is key
Lastly, as well as the focus on marketing and revenue, the Group remains focussed on providing the highest levels of player protection and fraud control as part of its ongoing UK and Alderney licensing obligations. We will continue to refine and develop this so as to preclude as far as possible both minors and persons prone to addiction.

Patrick Southon
Chief Executive Officer

21 April 2015

Case study

SpinGenie

SpinGenie is the first brand to be launched on our new proprietary platform. The platform has been designed and built to target the mobile casual gambling market. We have seen 61% of registrations via a mobile device and 3.7 times more sessions on mobile than desktop. In total 68% of our active players have played on a mobile device. We have used the platform to add unique content such as Slingo and the Levels which has increased player engagement.

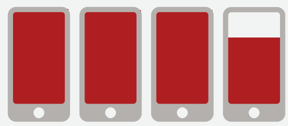
The result has been an increase of 80% month on month for deposits and 61% for daily active players. The cost per acquisition has been dropping with increased spends as we have been able to make changes to the product as well as optimise the overall spends per channel.

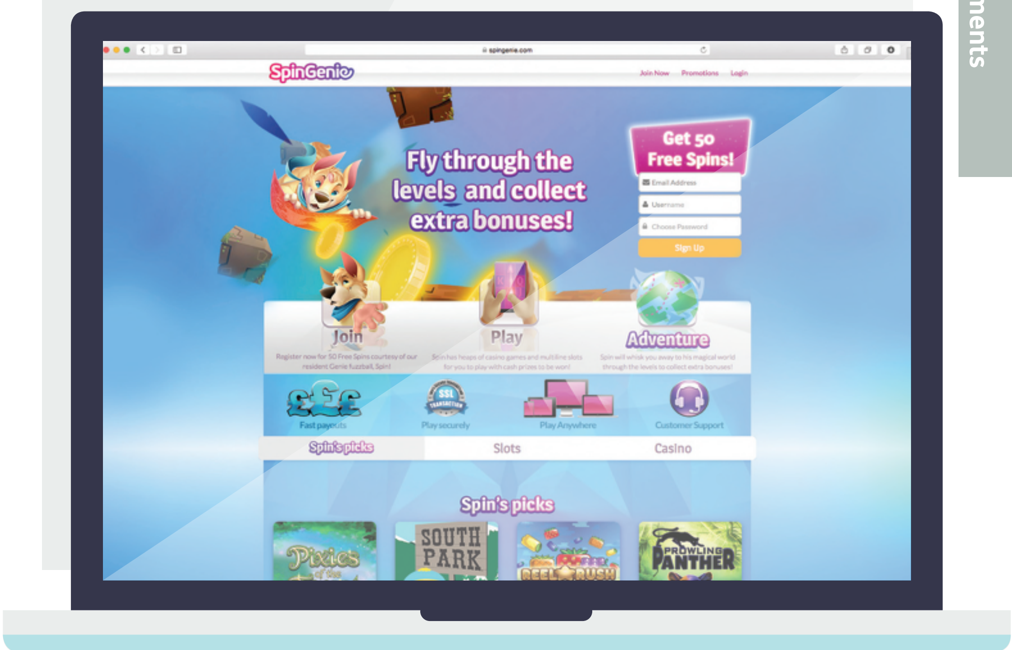
59% of registrations | 61% of first time depositors

from mobile

3.7x

more sessions on mobile





Principal Risks and Uncertainties

Dependence on third parties

The Group's business is dependent on third party gambling operators (Gaming Realms is marketing the products) and software providers (who provide various tools to increase efficiency in the Group). The Group is also dependent on mobile networks, mobile content providers and media groups, as well as other service providers who, for example, provide payment processing and customer age and ID verification. If there are any interruptions to the products or services, provided by other third parties, or if there are problems with them supplying the products or services, the Group's business could be adversely affected. To mitigate this risk of interruption to products and services supplied, the Group uses reliable and established industry suppliers as well as ensuring that contractual agreements with key partners are adequate to offer protection to the Group.

Regulatory risk

During the period, the Group's gambling activities have been operated under the jurisdictions of the UK Gambling Commission and the Alderney Gambling Control Commission, where it is licensed and its gambling operations are based. The regime under which Alderney and the UK permit remote gambling operations to be operated within their jurisdictions may be altered or restricted through legislation in the UK, which could render the Group's operating base unusable or uneconomic. In addition, territories where the Group wishes to market its UK-based gambling services may impose restrictions upon remote gambling services which would restrict the Group's ability to market to potential customers in that territory or to service existing customers by, for example, restricting financial transactions.

Where such restrictions exist, or come into existence in the future, and/or in each case are actively enforced, the Group may not be able to offer its gambling/gaming services, or may be required to seek onshore gambling/gaming licences local to these territories. Restrictions on promotion and/or the operation of remote gambling/gaming services in any particular location might also diminish or inhibit the Group's ability to secure distribution in such territories.

It is not considered likely that such changes in legislation that could materially impact the business will be made at the present time.

Technological/industry standards change

As a developing online business, the IT systems are critical to operations. The Group is reliant on the performance of these systems. Changes may render the Group's existing products obsolete and unmarketable if the Group is unable to respond in a timely fashion. To mitigate this risk the Group continually monitors customer habits and technological advancements in order to ensure we are best placed to respond to industrial change as far as possible. The Group takes information technology risks seriously and keeps its policies under review in order to mitigate these risks.

Operational risk

The Group's experienced management team is vital in executing its strategy. As such we work hard to attract and retain the key people through investing in the right management and development programmes as well as matching the right skillset for a particular role.

The Group is also exposed to gaming risk in relation to its casino operations. As such the casinos and other games incorporate a "house edge" in order to maintain a profit margin over the long term. In the short term limits are placed on individual bets in order to mitigate against large individual losses.

Taxation risk

The Group aims to ensure that each legal entity within the Group is a tax resident of the jurisdiction in which it is incorporated and has no taxable presence in any other jurisdiction. While the Group's customers are located predominantly in the UK, where customers are located elsewhere those jurisdictions may seek to tax such activity which could have an adverse effect on the amount of tax payable by the Group or on customers' behaviour.

The new "point of consumption" system for remote gaming duty came into force on 1 December 2014. The introduction of the new tax regime affected the profitability of our products previously on a non-UK licence. Furthermore, the UK Government has published a new legislation which came into force on 1 April 2015. The Diverted Profits tax will impose tax at a rate of 25% on profits which would be attributable to a permanent establishment in the United Kingdom were such a permanent establishment to exist where profits are deemed to be "diverted" from the United Kingdom.

The Group actively monitors taxation risk and takes such steps as it considers necessary to minimise such risks.

The 2014 Strategic Report has been approved by the Board of Directors.

On behalf of the Board

Michael Buckley
Chairman

21 April 2015

Patrick Southon
Chief Executive Officer

21 April 2015

Board and Executive Management

Board of Directors

Michael Buckley
Chairman

Michael Buckley was Chairman of Cashcade, which he founded with Patrick Southon and Simon Collins in 2000. Cashcade became a leading UK based online gaming company prior to its sale to PartyGaming plc in 2009 for an aggregate sale consideration of £96 million for shareholders.

Michael has invested in and been Chairman of a number of public companies. These include SelecTv plc, a producer of comedy and comedy drama series for television such as Lovejoy, Birds of a Feather and The New Statesman. SelecTv invested in a consortium which in 1991 won the franchise to create Meridian Television of which Michael was a founding Director. He was also Chairman of Pacific Media plc, which invested in a number of internet backbone companies in Asia during the 1990s as well as creating a chain of movie theatres in South East Asia in partnership with United Artists Theatre Circuit Inc. Michael has held other public and private company directorships, having obtained a professional qualification as a chartered accountant in the UK.

Patrick Southon
Chief Executive Officer

Patrick has been working within the online gambling sectors for the last 13 years. He is particularly focused on marketing, brand building and media buying. Patrick was Managing Director of Cashcade and Managing Partner of NewGame an investment fund focusing on innovation within the gambling sector. His marketing expertise allowed Cashcade to build a distinctive and prominent brand identity around, among others, its flagship “Foxy Bingo” brand and turned the company into one of the most effective advertisers on British television. Based on research by TNS, Marketing Magazine cited Foxy Bingo as having the best-value television advertising between 2008 and 2010.

Simon Collins
Executive Director

Simon was the co-founder and Commercial Director of Cashcade. He formed a range of profitable business-to-business and affiliate relationships for Cashcade and was an early adopter of both search engine and social network marketing in the monetised digital gaming space. In 2008 and 2009, Cashcade featured in The Sunday Times Top 20 fastest growing technology companies and the business won numerous other industry awards. Following the sale of Cashcade Simon remained at bwin.party until April 2011, where he focused on innovation, research and development as well as the ongoing development of Cashcade’s brand in the social networking space. Since leaving bwin.party, Simon joined Patrick Southon in setting up NewGame an investment fund focusing on innovation within the gambling sector.

Mark Segal
Chief Financial Officer

Mark recently left bwin.party as Finance Director for the bingo vertical. Previous to that Mark was Finance Director of Cashcade until it was acquired by PartyGaming plc in July 2009. Mark was responsible for the full finance function, including commercial negotiations, business intelligence and operational support in the business, and was involved in the sale to PartyGaming plc and acquisition by Cashcade of Independent Technology Ventures in July 2007. Prior to joining Cashcade, in May 2005, Mark spent five years at the accountancy firm Martin Greene Ravden, where he qualified as a chartered accountant in 2003.

Atul Bali
Non-Executive Director

Atul is the President of RealNetworks Games business incorporating Gamehouse, Slingo, GPN and other assets in the cross platform casual, social casino and next generation ad serving businesses. He also serves on the board of several real money gaming businesses focused on lottery, casino, sports betting and as an adviser to two fin tech businesses.

Prior to RealNetworks, he served as the President of Aristocrat Americas, a leading supplier to the Casino industry; the CEO of XEN Group (now Disruptive Technologies Ltd) a social media investment fund; President & CEO of GTECH G2 (following a long career in M&A, Corporate and Global Business Development.

He trained as a Chartered Accountant with KPMG in the UK, following a degree in Law & Economics. He lives in Seattle with his wife and three children.

Jim Ryan
Non-executive Director
Jim Ryan is the CEO of Pala Interactive, LLC a real money gaming operator focussed on the US regulated online gaming market. Prior to Pala Interactive, Jim was the Co-CEO of bwin.party digital entertainment plc. He has spent the last 14 years of his career in leadership roles within the online gaming sector. Jim has led a number of the industry's largest merger and acquisition transactions which include the merger of PartyGaming plc and Bwin, the acquisitions of Cashcade (Foxy Bingo) and the World Poker Tour and the sale of St Minver Limited to GTech. Jim held senior posts at four publicly listed companies. In addition to his role of CEO of PartyGaming plc and Co-CEO of bwin.party digital entertainment plc he was President and Chief Executive Officer of Excapsa Software Inc and as Chief Financial Officer of CryptoLogic Inc. and Chief Financial Officer of SXC Health Solutions Corp and was CEO of St. Minver Limited. Jim also held senior management posts at Procuron Inc., Metcan Information Technologies Inc and Epson Canada Limited. Educated at Brock University (Goodman School of Business) in Ontario, Canada, where he obtained a business degree with first class honours, Jim obtained professional qualifications as a chartered accountant and certified public accountant from the Canadian Institute of Chartered Accountants.

Mark Wilson
Non-executive Director
Mark Wilson is a strategic adviser and investor in media, gaming, and real estate. Mark has held multiple senior leadership positions, serving as CEO of Television Games Network, Executive Chairman of Music Choice International, President of Hubbard Enterprises, Managing Member of New Mexico Gaming LLC, and General Counsel and Corporate Secretary of Churchill Downs. He received a Juris Doctorate from the University of Louisville.

Executive Management

Noel Rowse
Chief Operating Officer
Originally a journalist, Noel has been in the gambling industry since 2000 where has been responsible for the launch and management of multiple sites across many platforms. Previous to Gaming Realms, Noel was COO and subsequently Managing Director of Cashcade post the bwin.party acquisition of the Company. Noel is focused on product innovation and player monetisation of online gambling sites.

David Hampstead
Chief Technology Officer
David is a J2EE, database and Amazon EC2 expert who has worked designing and implementing enterprise information systems since leaving university in 2001.

David is an avid casual gamer and whilst, as CTO, a lot of his best work is done "under the hood" he is highly hands-on in his approach to engineering, working closely with the game developers and is a major contributor to product design.

Simon Smiley
Chief Marketing Officer
Starting his career in 2004 as a Mecca Bingo management trainee, Simon became a successful licensed general manager for a number of high turnover bingo clubs in the UK. In 2008 he joined Ladbrokes as their head of online bingo, four months later he left to found QuickThink Media.

Simon has extensive experience buying online media across multiple channels. Over the years Simon has spoken at a number of gaming industry events including: EIG, EGR's Power 50 and the Online Bingo Summit.

Paul Gielbert
Managing Director of Bear Group Limited
Paul has 18 years' experience within the Gaming Industry, in offline, online, social and mobile environments. Initially starting out working for Mecca Bingo, Paul has 10 years' experience as a licenced manager in the retail gaming sector. Moving to the online side of the industry in 2007, Paul has since managed the first ever live-streaming bingo site and worked in management roles for Ladbrokes and Gala before moving to Gaming Realms where he is the Managing Director of Bear Group, running the Alderney licenced operation.

Directors Report
For the period ended 31 December 2014

The Directors present their Annual Report together with the audited financial statements for the period ended 31 December 2014.

Principal activities
The Group's principal activities during the year continued to be that of the provision and marketing of interactive bingo and casino services to customers in the UK and social gaming on Facebook to customers in the US and Europe.

These financial statements present the results of Group from 1 October 2013 to 31 December 2014.

Names of Directors and dates of any changes
The Directors who served during the period and to the date of this report were:

Michael Buckley
Patrick Southon
Mark Segal
Simon Collins
Jim Ryan
Mark Wilson
Atul Bali (appointed 12 May 2014)

Results and dividends
The results for the period are set out on page 20. The Company will not be paying a dividend this year.

Disclosures to auditors
The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken steps that ought to have been taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

BDO LLP, who were appointed during the year as auditors of the Company by the Directors, have expressed their willingness to continue in office and a resolution to reappoint them will be proposed for the Annual General Meeting in accordance with Section 489 of the Companies Act 2006.

Details of the Group's business review, principal risks and uncertainties, key performance indicators and other matters are given in the Strategic Report.

Financial instruments
Details of the Group's financial risk management objectives and policies are included in note 20 to the financial statements.

Events after reporting date
On the 27 January 2015, the Group decided to restructure the marketing services segment by relocating its operations from the Isle of Man to London.

On 9 April 2015, the Group sold all associated assets in its Bingo Godz and Castlejackpot brands (including the domains) which are currently operated by IP&S Limited to European Domain Management Limited for a total of £500,000.

Future developments
Future developments are discussed in the Chairman's and Chief Executive's Statement.

Approval and signature

Patrick Southon
Chief Executive Officer

21 April 2015

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union and the Parent Company financial statements in accordance with applicable law and UK accounting standards (UK Generally Accepted Accounting Practice). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market ("AIM").

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

› select suitable accounting policies and then apply them consistently;
› make judgements and accounting estimates that are reasonable and prudent;
› state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
› prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Website publication

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the UK governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Corporate Governance

Corporate Governance

Although companies traded on AIM are not required to provide corporate governance disclosure, or follow guidelines in the UK Corporate Governance Code (the "Code") issued by the Financial Reporting Council ("FRC"), the Directors recognise the value and importance of high standards of corporate governance.

The Company follows the recommendations on corporate governance from the Quoted Companies Alliance for companies with shares traded on AIM.

Given the Company's size and the constitution of the Board, the following is a brief summary of the main aspects of corporate governance currently in place.

With effect from the admission to AIM in August 2013, the Board has established an Audit Committee and a Remuneration Committee with formally delegated responsibilities.

The Remuneration Committee is chaired by Mark Wilson. Its other members are currently Michael Buckley and Jim Ryan. This committee reviews the performance of the Executive Directors and makes recommendations to the Board on matters relating to their remuneration and terms of employment. The Remuneration Committee also makes recommendations to the Board on proposals for the granting of share options and other equity incentives. The Board sets the remuneration and terms and conditions of appointment of the Non-executive Directors.

The Audit Committee is chaired by Jim Ryan. Its other members are Mark Wilson and Michael Buckley. The Committee determines the terms of engagement of the Company's auditors and, in consultation with them, the scope of the audit. It receives and reviews reports from management and the Company's auditors relating to the interim and annual financial statements and the accounting and internal control systems in use by the Group. The Audit Committee has unrestricted access to the Company's auditors. Under its terms of reference, the Audit Committee monitors, amongst other matters, the integrity of the Group's financial statements. The Committee is responsible for monitoring the effectiveness of the external audit process and making recommendations to the Board in relation to the re-appointment of the external auditors. It is responsible for ensuring that an appropriate business relationship is maintained between the Group and the external auditors, including reviewing non-audit services and fees. The Committee meets with Executive Directors and management as well as meeting privately with the external auditors.

As the Board is small, there is not a separate Nominations Committee and the Board as a whole considers recommendations for appointments to the Board.

The Directors follow the guidance set out by Rule 21 of AIM Rules relating to dealings by Directors in the Company's securities and, to this end, the Company has adopted an appropriate share dealing code.

Going concern

Under company law, the Company's Directors are required to consider whether it is appropriate to prepare financial statements on the basis that the Group and Company are a going concern. As part of the normal business practice the Group prepares annual and three-year plans and, in reviewing this information, the Company's Directors are satisfied that the Group and the Company have reasonable resources and future cash flows to enable them to continue in business for the foreseeable future. For this reason, the Company and Group continue to adopt the going concern basis in preparing the financial statements.

Independent Auditor's Report to the Members of Gaming Realms plc

We have audited the financial statements of Gaming Realms plc for the period ended 31 December 2014 which comprise the Consolidated Statement of Profit and Loss and Other Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity, the Company Balance Sheet and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of Directors and Auditors

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

› the financial statements give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31 December 2014 and of the Group's loss for the period then ended;
› the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
› the Parent Company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
› the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Kieran Storan (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
21 April 2015

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Statement of Profit and Loss and Other Comprehensive Income

For the period 1 October 2013 to 31 December 2014

	Note	1 October 2013 to 31 December 2014 £	2 July 2012 to 30 September 2013 £ As restated (Note 26)
Revenue		**11,227,206**	881,060
Marketing expenses	3	**(10,205,720)**	(1,750,777)
Operating expenses	3	**(2,460,178)**	(348,260)
Administrative expenses	3	**(6,379,613)**	(1,105,366)
Adjusted EBITDA*		**(7,818,305)**	(2,323,343)
Listing and acquisition costs	4	**(140,773)**	(436,341)
Restructuring costs	4	**(80,839)**	–
Share-based payment arising on reverse transaction	26	**–**	(431,392)
Share-based payment	24	**(438,169)**	(36,471)
EBITDA		**(8,478,086)**	(3,227,547)
Amortisation of intangible assets	3	**(1,277,357)**	(169,686)
Depreciation of property, plant and equipment	3	**(41,252)**	(3,015)
Finance expense	10	**(57,355)**	(3,313)
Finance income	10	**14,601**	1,886
Loss before tax		**(9,839,449)**	(3,401,675)
Tax expense	11	**92,399**	–
Loss and total comprehensive income for the financial period attributable to owners of the parent		**(9,747,050)**	(3,401,675)
Earnings per share			
Loss per share			
Basic and diluted (pence)	12	**(5.90)**	(9.34)

The notes on pages 24 to 46 form part of these financial statements.

* Adjusted EBITDA is a non-GAAP measure and excludes listing, acquisition, restructuring and other expenses as described in Note 4 and share based payment charges as described in Note 24

Consolidated Statement of Financial Position

As at 31 December 2014

	Note	31 December 2014 £	30 September 2013 £ As restated (Note 26)
Assets			
Non-current assets			
Property, plant and equipment	13	**143,164**	59,640
Goodwill	14	**13,543,905**	4,810,187
Intangible assets	14	**3,213,519**	1,105,471
Other assets	15	**158,500**	57,598
		17,059,088	6,032,896
Current assets			
Trade and other receivables	17	**2,224,741**	1,344,776
Cash and cash equivalents	16	**4,013,894**	5,185,323
		6,238,635	6,530,099
Total assets		**23,297,723**	12,562,995
Liabilities			
Current liabilities			
Trade and other payables	18	**2,750,136**	1,890,331
Loans and borrowings	19	**14,504**	24,000
Contingent consideration	25	**2,500,000**	–
		5,264,640	1,914,331
Non-current liabilities			
Deferred tax liability		**39,288**	–
Contingent consideration	25	**2,387,648**	–
Loans and borrowings	19	**–**	20,504
		2,426,936	20,504
Total liabilities		**7,691,576**	1,934,835
Net assets		**15,606,147**	10,628,160
Equity			
Share capital	21	**19,517,049**	14,633,369
Share premium	22	**78,119,547**	70,437,354
Merger reserve	22	**(69,334,935)**	(71,077,359)
Retained earnings	22	**(12,695,514)**	(3,365,204)
Total equity attributable to owners of the parent		**15,606,147**	10,628,160

The notes on pages 24 to 46 form part of these financial statements. The financial statements were approved and authorised for issue by the Board of Directors on 21 April 2015 and were signed on its behalf by:

Patrick Southon
Chief Executive Officer

Consolidated Statement of Cash Flows

For the period 1 October 2013 to 31 December 2014

	Note	**2014** **£**	2013 £ As restated (Note 26)
Cash flows from operating activities			
Loss for the period		**(9,747,050)**	(3,401,675)
Adjustments for:			
Depreciation of property, plant and equipment	13	**41,252**	3,015
Amortisation of intangible fixed assets	14	**1,277,357**	169,686
Finance income	10	**(14,601)**	(1,886)
Finance expense	10	**57,355**	3,313
Fair value adjustment to equity interest held	26	**–**	38,187
Income tax credit	11	**(46,431)**	–
Loss on disposal of property, plant and equipment	13	**30,243**	–
Share-based payment arising on reverse transaction	26	**–**	431,392
Share-based payment expense	24	**438,169**	36,471
Decrease/(increase) in trade and other receivables		**39,776**	(658,500)
Decrease in trade and other payables		**(22,760)**	(408,507)
Increase in other assets		**(99,402)**	(2,000)
Net cash flows from operating activities		**(8,046,092)**	(3,790,504)
Investing activities			
Acquisition of subsidiary, net of cash acquired	25,26	**(3,290,311)**	119,622
Investments	26	**–**	(533,842)
Purchases of property, plant and equipment	13	**(107,240)**	(34,706)
Purchase of intangibles	14	**(583,364)**	(410,206)
Interest received	10	**14,601**	1,886
Net cash from investing activities		**(3,966,314)**	(857,246)
Financing activities			
Acquisition of Gaming Realms plc, net of cash acquired		**–**	3,838,539
Proceeds of Ordinary Share issue		**11,938,999**	5,910,010
Issuance cost of shares		**(130,702)**	(30,016)
Payment of deferred consideration	25	**(825,000)**	–
Repayment of other loans	19	**(30,000)**	(4,000)
Interest paid	10	**(10,035)**	(3,313)
Net cash from financing activities		**10,943,262**	9,711,220
Net (decrease)/increase in cash and cash equivalents		**(1,069,144)**	5,063,470
Cash and cash equivalents at beginning of period		**5,063,470**	–
Cash and cash equivalents at end of period	16	**3,994,326**	5,063,470

The notes on pages 24 to 46 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the period ended 31 December 2014

	Share capital £	Share premium £	Shares to be issued £	Merger reserve £	Retained earnings £ As restated (Note 26)	Total equity £ As restated (Note 26)
2 July 2012	–	–	–	–	–	–
Loss for the period	–	–	–	–	(3,401,675)	(3,401,675)
Issue of share capital	223,750	2,276,250	–	–	–	2,500,000
Adjustments in respect of reverse transaction	8,262,661	67,404,195	–	(72,134,521)	–	3,532,335
Shares issued as part of the consideration in a business combination (Note 26)	3,523,873	–	–	1,057,162	–	4,581,035
Shares issued as part of the capital raising	2,623,085	786,925	–	–	–	3,410,010
Cost of issue of Ordinary Share capital	–	(30,016)	–	–	–	(30,016)
Share-based payment on share options (Note 24)	–	–	–	–	36,471	36,471
30 September 2013 (as restated)	**14,633,369**	**70,437,354**	**–**	**(71,077,359)**	**(3,365,204)**	**10,628,160**
Loss for the period	–	–	–	–	(9,747,050)	(9,747,050)
Shares issued as part of the consideration in a business combination (Note 25)	757,576	–	–	1,742,424	–	2,500,000
Shares issued as part of the capital raising	4,126,104	7,812,895	–	–	–	11,938,999
Cost of issue of Ordinary Share capital	–	(130,702)	–	–	–	(130,702)
Shares to be issued (Note 25)	–	–	803,571	–	–	803,571
Settlement of shares to be issued (Note 25)	–	–	(803,571)	–	(21,429)	(825,000)
Share-based payment on share options (Note 24)	–	–	–	–	438,169	438,169
31 December 2014	**19,517,049**	**78,119,547**	**–**	**(69,334,935)**	**(12,695,514)**	**15,606,147**

The notes on pages 24 to 46 form part of these financial statements.

Notes to the Consolidated Financial Statements
For the period ended 31 December 2014

1. Accounting policies
General information
Gaming Realms plc (the “Company”) and its subsidiaries (together the “Group”).

The Company is admitted to trading on AIM of the London Stock Exchange. It is incorporated and domiciled in the UK. The address of its registered office is One Valentine Place, London SE1 8QH.

Basis of preparation
The principal accounting policies adopted in the preparation of both the Company and the consolidated financial statements are set out below.

The consolidated financial statements are presented in sterling.

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) as adopted by the EU.

The preparation of financial statements in compliance with adopted IFRSs requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group’s accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in Note 2.

Basis of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 31 December 2014 and the results of all subsidiaries for the period then ended.

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the prior period, the Company (formerly known as Pursuit Dynamics plc) acquired 100% of the share capital of Bingo Realms Limited. Gaming Realms plc issued 57,692,309 shares to the original shareholders of Bingo Realms Limited.

The issue of shares resulted in Bingo Realms Limited’s original shareholders holding a majority share in the Company.

This transaction did not meet the definition of a business combination in IFRS 3 ‘Business Combinations’. The transaction has therefore been accounted for in the consolidated financial statements in accordance with IFRS 2 ‘Share-based payment’ and has been accounted for as a continuation of the financial statements of Bingo Realms Limited, together with a deemed issue of shares, equivalent to the shares held by the former shareholders of the Company. Bingo Realms Limited was incorporated on the 2 July 2012, no accounts have been produced since its incorporation therefore the consolidated statement of profit and loss and other comprehensive income included in these financial statements is for the period 2 July 2012 to 30 September 2013.

As detailed in Note 26 the results for the period ended 30 September 2013 have been restated for adjustments arising from the reverse acquisition accounting.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree’s identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

1. Accounting policies continued

Revenue

Revenue comprises net gaming revenue derived from online gambling operations, commissions on marketing services and social gaming.

Net gaming revenue derived from real money gaming

Net gaming revenue derives from online gambling operations and is defined as the difference between the amounts of bets placed by the players less amounts won by players. It is stated after deduction of certain bonuses, jackpots and prizes granted to players.

Net gaming revenue is recognised to the extent that its probable economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is recognised in the accounting periods in which the transactions occur.

Marketing services

Revenue is derived from marketing services provided in relation to online bingo and casino products. The commission revenue is calculated either as a percentage of net gaming revenue from the operators or in line with contracts (typically based on fixed price per player). Commission revenue is recognised to the extent that the probable economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is recognised in the accounting periods in which the transactions occur.

Revenue is also derived from digital marketing services provided to both gaming and non-gaming clients. The revenue is calculated as a percentage of marketing spend and is recognised when the advertising has been satisfactorily completed.

Social gaming revenue

Social gaming revenue derives from the purchase of credits and awards on the social gaming sites. Social gaming revenue is recognised to the extent that it is probable economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is recognised in the accounting periods in which the transactions occur.

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP measure and excludes adjusting items from EBITDA. Adjusting items are non-recurring material items which are outside the normal scope of the Group's ordinary activities. These items are separately disclosed in order to enhance the reader's understanding of the Group's profitability and cash flow generation. Adjusting items include costs arising from a fundamental restructuring of the Group's operations, listing and acquisitions costs and share-based payment charges.

Goodwill

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and in the case of contingent consideration classified as a financial liability, re-measured subsequently through profit or loss.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

Impairment of non-financial assets (excluding inventories, investment properties and deferred tax assets)

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (ie the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ("CGUs"). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

Notes to the Consolidated Financial Statements continued
For the period ended 31 December 2014

1. Accounting policies continued

Foreign currency

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in statement of comprehensive income.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

Exchange differences recognised as profit or loss in Group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to other comprehensive income and accumulated in the foreign exchange reserve on consolidation.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of comprehensive income as part of the profit or loss on disposal.

Financial assets

The Group classifies its financial assets depending on the purpose for which the asset was acquired. The Group has not classified any of its financial assets as held to maturity.

The Group's accounting policies for financial assets are as follows:

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (eg trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Financial liabilities

Financial liabilities held by the Group consist of contingent consideration, customer funds, trade payables and other short-term monetary liabilities.

Financial liabilities are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument and with the exception of contingent consideration, subsequently recognised at amortised cost. Contingent consideration arising from business combinations that is classified as liability is subsequently measured at fair value through profit and loss.

1. Accounting policies continued

Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Group's ordinary shares are classified as equity instruments.

Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where equity instruments are granted to persons other than employees, the consolidated statement of comprehensive income is charged with the fair value of goods and services received.

The fair value of share options issued without market-based vesting conditions is measured by the application of the Black-Scholes option pricing model by reference to the grant date of the options. The fair value of share options issued with market-based vesting conditions is measured by use of the Monte Carlo method.

Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques (see section related to critical estimates and judgements below).

In-process research and development programmes acquired in such combinations are recognised as an asset even if subsequent expenditure is written off because the criteria specified in the policy for development costs below are not met.

The significant intangibles recognised by the Group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

Internally generated intangible assets (development costs)

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the consolidated statement of comprehensive income as incurred.

Intangible asset	Useful economic life
Customer databases	1–2 years
Development costs	3 years
Software	3 years

Notes to the Consolidated Financial Statements continued

For the period ended 31 December 2014

1. Accounting policies continued

Domain Name

Externally acquired domain names are capitalised at cost and are subject to 50% straight-line amortisation.

The carrying value of domain names is reviewed when there is an indication of impairment.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- The initial recognition of goodwill
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit
- Investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost less estimated residual value, of each asset evenly over its expected useful life as follows:

Office, furniture and equipment	20% per annum straight-line
Computer equipment	33% per annum straight-line
Leasehold improvements	Over the life of the lease

Player liabilities

Liabilities to players comprise the amounts that are credited to customers' accounts including provision for bonuses granted by the Group. These amounts are repayable in accordance with the applicable terms and conditions.

Provisions

Provisions are recognised when the Group has a present or constructive obligation as a result of a past event from which it is probable that it will result in an outflow of economic benefit that can be reasonably estimated.

The following key new standards, interpretations and amendments, applied for the first time from 1 October 2013:

- IFRS 10 Consolidated Financial Information
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 15 Revenue from Contracts with Customers
- The related revisions to IAS 27 Separate Financial Statements for the above
- The related revisions to IAS 28 Investments in Associates and Joint Ventures for the above

None of the above, nor other new standards, interpretations and amendments, which are effective for periods beginning after 1 January 2015 and which have not been adopted early, management are still considering the potential impact of IFRS 15 but do not expect any of the new standards to have a material effect on the Group's future financial information.

2. Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that 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.

(a) Revenue recognition

Social gaming revenue is recognised as the service is delivered. This is considered to be when the player buys credits to play the game on the basis that there is no further service to be delivered.

Net gaming revenue is derived from real money gaming and is recognised as the total wagers less wins less promotional money to players.

Other revenue comprises of affiliate services and marketing services.

(b) Capitalisation and amortisation of development costs

The identification of development costs that meet the criteria for capitalisation is dependent on management's judgement and knowledge of the work done. Development costs of gaming software platforms are separately identified. Judgements are based on the information available at each period end. Economic success of any development is assessed on a reasonable basis but remains uncertain at the time of recognition.

Capitalised development costs are subject to amortisation over its useful life and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group amortises the assets over the life of the product. The estimated useful life of these assets at period end is three years.

(c) Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences and for tax loss carry-forwards. The assessment of temporary differences and tax loss carry-forwards is based on management's estimates of future taxable profits against which the temporary differences and loss carry-forwards may be utilised.

The Group has not recognised a deferred tax asset in respect of their losses given that this is the Group's second period of operation and there is no track record of taxable profits at this time. Deferred tax assets will be recognised when the Group has established a track record of expected future taxable profit.

(d) Valuation of assets acquired on business combinations

Identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date. The identified intangibles are capitalised if they are separable from the acquired entity or give rise to other contractual or legal rights. The amounts ascribed to these assets are arrived at by using appropriate valuation techniques to determine the fair value. Capitalised intangible assets are amortised over the useful economic life of the assets. This has ranged between twelve months to three years for acquisitions to date.

(e) Impairment of goodwill and other intangible assets

Goodwill and other intangible assets are reviewed for impairment and their values are written-down on the basis of the Group's expectations of future economic benefits expected to be received by the Group. Any process which attempts to estimate future outcomes is subject to uncertainty. Where it is believed that the estimation uncertainty can give rise to material differences in asset carrying values, this will be stated in the relevant notes to the financial statements.

(f) Determination of the fair value of contingent consideration

The fair value of contingent consideration is based on the probability of expected cash flow outcomes and the assessment of present values using appropriate discount rates. Further details in relation to key estimates and judgements are set out in Note 25.

Notes to the Consolidated Financial Statements continued

For the period ended 31 December 2014

3. Expenses by nature

	2014 £	2013 £
Operating and administrative expenses includes:		
Employee benefit expenses (see Note 8)	**4,553,714**	561,127
Depreciation of property, plant and equipment	**41,252**	3,015
Amortisation of intangible assets	**1,277,357**	169,686
Advertising expenses	**10,205,720**	1,750,777
Share-based payment arising on reverse transaction	**–**	431,392
Equity-settled share-based payment charge	**438,169**	36,471

4. Adjusted EBITDA

	2014 £	2013 £
Listing and acquisition costs	**140,773**	436,341
Restructuring costs	**80,839**	–
	221,612	436,341

During the period, the Group decided to migrate its existing PocketFruity game on to the proprietary platform by December 2014 and in the process close its Sheffield studio. The costs of the restructuring is expected to cost £80,839 and has been charged in the current period.

During the period, the Group incurred acquisition fees of £140,773 for the acquisition of QuickThink Media Limited and Blueburra Holdings Limited.

5. Auditor's remuneration

During the period the Group obtained the following services from the Company's auditor:

	2014 £	2013 £
Fees payable to the Company's auditor for the audit of consolidated and subsidiary financial statements	**86,700**	75,000
Fees payable to the Company's auditor for other services:		
– Other acquisition and assurance services	**44,000**	127,300
– Tax advisory services	**24,675**	3,000

6. Key management personnel remuneration

	2014 £	2013 £
Short-term benefits of key management personnel	**1,148,279**	280,167
Long-term benefits of key management personnel	**9,800**	–
Share-based benefits of key management personnel	**238,729**	36,471
	1,396,808	316,638

The table represents remuneration paid to the key management personnel (which include directors) of the consolidated entity. In the prior period, remuneration consisted the amount paid to the key management personnel of Bingo Realms Limited for the period ended 30 September 2013 and the Company and its subsidiaries for the period from 1 August 2013 to 30 September 2013.

7. Directors' remuneration

The following table presents the Directors' remunerations of the Company for the period ended 31 December 2014. The table includes both Directors in office before and after the reverse transaction in the prior period:

	Salary and fees £	Benefits £	2014 Total £	2013 Total £
Michael Buckley (appointed 1 August 2013)	51,667	–	51,667	6,667
Patrick Southon (appointed 1 August 2013)	150,000	2,572	152,572	20,000
Simon Collins (appointed 1 August 2013)	137,500	2,406	139,906	18,333
Mark Segal (appointed 1 August 2013)	137,500	2,480	139,980	18,333
Jim Ryan (appointed 1 August 2013)	56,667	–	56,667	6,667
Mark Wilson (appointed 1 August 2013)	56,667	–	56,667	6,667
Atul Bali (appointed 13 May 2014)	26,667	–	26,667	–
Richard Webster (resigned 30 September 2012)	–	–	–	15,059
Andrew J Quinn (resigned 4 December 2012)	–	–	–	10,000
Brian N C Sweeney (resigned 4 December 2012)	–	–	–	8,333
Jeremy Pelczer (resigned 4 December 2012)	–	–	–	22,172
Bernard Bulkin (resigned 31 July 2013)	–	–	–	41,667
Philip Corbishley (appointed 4 December 2012, resigned 31 July 2013)	–	–	–	110,043
Paul Banner (appointed 4 December 2012, resigned 31 July 2013)	–	–	–	24,000
Hagen Gehringer (appointed 4 December 2012, resigned 28 March 2013)	–	–	–	130,234
	616,668	**7,458**	**624,126**	**438,175**

Directors' interests in long-term incentive plans

The Directors' ordinary shares in the Company, were as follows:

£0.10 ordinary shares	**2014 Number of shares**	2013 Number of shares
Michael Buckley	**16,600,000**	16,300,000
Patrick Southon	**10,397,039**	10,397,039
Simon Collins	**10,347,039**	10,347,039
Mark Segal	**644,607**	644,607
Jim Ryan	**384,615**	384,615
Mark Wilson	**384,615**	384,615

Notes to the Consolidated Financial Statements continued
For the period ended 31 December 2014

7. Directors' remuneration continued

The Directors' interests in share options, over ordinary shares in the Company, were as follows:

	Option at 30 September 2013	Option granted	Options lapsed	Option at 31 December 2014	Exercise price	Hurdle price	Date of grant
Michael Buckley[2]	5,769,230	–	–	5,769,230	£0.01	£0.20	1 August 2013
Patrick Southon[2]	5,769,230	–	–	5,769,230	£0.01	£0.20	1 August 2013
Simon Collins[2]	4,615,384	–	–	4,615,384	£0.01	£0.20	1 August 2013
Mark Segal[2]	3,076,923	–	–	3,076,923	£0.01	£0.20	1 August 2013
Jim Ryan[3]	769,230	–	–	769,230	£0.13	–	1 August 2013
Mark Wilson[3]	769,230	–	–	769,230	£0.13	–	1 August 2013
Atul Bali[4]	–	750,000	–	750,000	£0.23	–	17 June 2014
Bernard Bulkin[1]	140,000	–	140,000	–	£0.30	–	26 February 2013
Paul Banner[1]	100,000	–	100,000	–	£0.30	–	26 February 2013
Phil Corbishley[1]	140,000	–	140,000	–	£0.30	–	26 February 2013

1 Separate individual agreements exist for Non-executive Directors which are based on the Pursuit Dynamics PLC 2009 Employees' Share Option Plan (Note 24). These agreements grant non-EMI qualified options at an exercise price to be determined by the Board of the Company but not to be less than the nominal value of a share and to be subject to such time based and performance based conditions as the Board may determine, eg the achievement of certain share price targets.

2 On the 1 August 2013 the Company granted options to B Shares under the Gaming Realms 2013 EMI plan. The B Share value will be 20 pence less than the prevailing price of the ordinary shares and will therefore have no value unless the value of the new ordinary shares exceeds 20 pence. EMI options can only be granted to employees who meet the statutory working time requirement, and cannot normally be exercised before 15 July 2015. All options granted under the New Share Option Scheme on Admission will be exercisable over B Shares at their nominal value of £0.01 and will be capable of exercise, subject to certain exceptions, after two years of the date of grant.

3 On the 1 August 2013, the Company granted Unapproved Options which have the same rights as the options granted over the B Shares under Gaming Realms 2013 EMI plan, save that the exercise price will be 13 pence per ordinary share.

4 On the 17 June 2014, the Company granted Unapproved Options which have the same rights as the options granted over the B Shares under Gaming Realms 2013 EMI plan, save that the exercise price will be 23 pence per ordinary share.

8. Employee benefit expenses

	2014 £	2013 £
Employee benefit expenses (including directors) comprise:		
Wages and salaries	**4,164,705**	517,695
Share-based payment expense (Note 24)	**438,169**	36,471
Social security contributions and similar taxes	**458,909**	55,483
Pension contributions	**48,781**	–
	5,110,564	609,649
Staff costs capitalised in respect of internally generated intangible assets	**(556,850)**	(48,522)
	4,553,714	561,127

The Group makes contributions to defined contribution plans and has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. The assets of the individual schemes are held separately from those of the Group in independently administered funds.

	2014 £	2013 £
The average number of persons, including Directors:		
Operational	**17**	7
Development	**21**	15
Marketing	**10**	5
Management and administrative	**17**	13
	65	40

9. Segment information

The Board is the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the Board for the purposes of allocating resources and assessing performance. The Group has one reportable segment with three product lines, being social gaming, real money gaming and marketing services. Each product line represent different brands, products and services provided. The social gaming product provide freemium gaming services to the US and Europe. The real money gaming product operates the PocketFruity and SpinGenie brands in the UK. The marketing services product represents the marketing services provided to its white label brands. The marketing services segment also includes other digital marketing services provided to both gaming and non-gaming clients.

Revenue by product:

	2014 £	2013 £
Social gaming	**1,176,082**	442,837
Real money gaming	**2,667,596**	217,196
Marketing services	**7,383,528**	221,027
	11,227,206	881,060

Geographical information

The Group considers that its primary geographic regions are the UK, including Channel Islands, US and the Rest of World. No revenue is derived from real money gaming in the US. Revenues from customers outside the UK (including Channel Islands) and US are not considered sufficiently significant to warrant separate reporting. All non-current assets are based in the UK.

	External revenue by location of customers 2014 £	External revenue by location of customers 2013 £
UK, including Channel Islands	**9,850,955**	455,650
US	**878,868**	323,128
Rest of the World	**497,383**	102,282
	11,227,206	881,060

Revenues from one customer total £1,338,882 (2013: nil). This major customer receives marketing services from the Group.

10. Finance income and expense

	2014 £	2013 £
Finance income		
Interest received	**14,601**	1,886
Total finance income	**14,601**	1,886
Finance expense		
Bank interest expense paid	**10,035**	3,313
Contingent consideration unwinding	**47,320**	–
Total finance expense	**57,355**	3,313

11. Tax expense

	2014 £	2013 £
Tax expense		
Current tax expense		
Current tax credit on losses for the period	**45,968**	–
Total current tax	**45,968**	–
Deferred tax expense		
Origination and reversal of temporary differences	**46,431**	–
Total deferred tax	**46,431**	–
Total tax expense	**92,399**	–

The reasons for the difference between the actual tax charge for the period and the standard rate of corporation tax in the UK applied to profits for the year are as follows:

	2014 £	2013 £ As restated
Loss for the period	**(9,839,449)**	(3,401,675)
Expected tax at effective rate of corporation tax in the UK of 21.75% (2013: 23.5%)	**(2,140,080)**	(799,394)
Expenses not deductible for tax purposes	**120,098**	90,664
Depreciation in excess of capital allowances	**8,972**	709
Effects of overseas taxation	**75,736**	–
Adjustment in respect of loss carried back	**45,968**	–
Adjustments in respect of deferred tax of prior years	**46,431**	–
Tax losses carried forward	**1,935,274**	708,021
Total tax credit/(expense)	**92,399**	–

Changes in tax rates and factors affecting the future tax charge
On 26 March 2015, the Finance Act received Royal Assent and so the previously announced reduced rate of corporation tax of 20% from 1 April 2015 was substantively enacted. Accordingly, deferred tax balances as at 31 December 2014 have been recognised at 20% (2013: 23%).

There are unused tax losses carried forward as at the balance sheet date of £21,695,023 (2013 as restated: £12,797,212) equating to an unrecognised deferred tax asset of £4,339,005 (2013 as restated: £2,943,359). No deferred tax asset has been recognised in respect of these losses, as the recoverability of any asset is dependent upon sufficient profits being achieved in future years to utilise this asset. The timings of such profits are uncertain.

12. Loss per share

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of shares in issue during the year. For fully diluted loss per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of dilutive potential ordinary shares. The Group's potentially dilutive securities consist of share options and performance shares. As the Group is loss-making, none of the potentially dilutive securities are currently dilutive. In the prior period, the weighted average number of ordinary shares in issue was calculated using an exchange ratio applied in the reverse takeover.

	2014 **£**	2013 £ As restated
Loss after tax	**(9,757,050)**	(3,401,675)
	Number	Number
Weighted average number of ordinary shares used in calculating basic loss per share	**165,220,742**	36,434,501
Weighted average number of ordinary shares used in calculating dilutive loss per share	**165,220,742**	36,434,501
Basic and diluted loss per share (pence)	**(5.90)**	(9.34)

13. Property, plant and equipment

	Leasehold improvements £	Computers and related equipment £	Office furniture and equipment £	Total £
Cost				
Acquired through business combination	13,046	11,257	3,646	27,949
Additions	24,853	6,136	3,717	34,706
At 30 September 2013	37,899	17,393	7,363	62,655
Acquired through business combination	30,953	11,976	4,850	47,779
Additions	45,393	37,264	24,583	107,240
Disposals	(42,852)	–	–	(42,852)
At 31 December 2014	**71,393**	**66,633**	**36,796**	**174,822**
Accumulated deprecation				
Depreciation charge	746	1,865	404	3,015
At 30 September 2013	746	1,865	404	3,015
Depreciation charge	18,780	17,759	4,713	41,252
Disposals	(12,609)	–	–	(12,609)
At 31 December 2014	**6,917**	**19,624**	**5,117**	**31,658**
Net book value				
At 30 September 2013	37,153	15,528	6,959	59,640
At 31 December 2014	**64,476**	**47,009**	**31,679**	**143,164**

Notes to the Consolidated Financial Statements continued

For the period ended 31 December 2014

14. Intangible assets

	Goodwill £	Customer database £	Software £	Development costs £	Domain names	Total £
Cost						
Acquired through business combination (Note 26)	4,810,187	387,512	–	477,439	–	5,675,138
Additions	–	–	361,684	48,522	–	410,206
At 30 September 2013	4,810,187	387,512	361,684	525,961	–	6,085,344
Acquired through business combination (Note 25)	8,733,718	2,802,041	–	–	–	11,535,759
Additions	–	–	–	556,850	26,514	583,364
At 31 December 2014	**13,543,905**	**3,189,553**	**361,684**	**1,082,811**	**26,514**	**18,204,467**
Amortisation						
Amortisation charge	–	53,662	71,900	44,124	–	169,686
At 30 September 2013	–	53,662	71,900	44,124	–	169,686
Amortisation charge	–	804,324	150,934	321,671	428	1,277,357
At 31 December 2014	**–**	**857,986**	**222,834**	**365,795**	**428**	**1,447,043**
Net book value						
At 30 September 2013	4,810,187	333,850	289,784	481,837	–	5,915,658
At 31 December 2014	**13,543,905**	**2,331,567**	**138,850**	**717,016**	**26,086**	**16,757,424**

Goodwill

Of total goodwill arising on acquisitions in the period of £8,733,718, £1,904,028 arose from the acquisition of QuickThink Media Limited on the 10 December 2013 and £6,829,690 arose from the acquisition of Blueburra Holdings Limited on the 5 September 2014 (see Note 25). Goodwill brought forward comprised £3,466,069 of the goodwill arose from the acquisition of Bejig Limited and £1,344,118 from the acquisition of AlchemyBet Limited on the 1 August 2013 (see Note 26).

In accordance with IAS 36, the Group regularly monitors the carrying value of its intangible assets. A detailed review was undertaken at 31 December 2014 to assess whether the carrying value of assets was supported by net present value of futures cash flows derived from those assets. The Group has one cash generating unit for which the carrying amount of goodwill is allocated. The recoverable amounts to which the goodwill is allocated has been determined using a value in use calculation. The calculation of value in use is based on several assumptions which feed into a forecast model based on past player lifetime values and experience.

Cash flow projections have been prepared for a five year period following which a long term growth rate of 2% has been assumed. A discount rate of 13% has been used in discounting the projected cash flows, is based on the Group's specific risk adjusted Weighted Average Cost of Capital.

The key assumptions of the forecasts were as follows:

› number of new player depositing registrations;
› rate of retention of existing players;
› spending patterns of players;
› CPA or installs from different acquisition sources;

The above assumptions are based on the trends noted to date, industry standard measurements and management's experience. The Directors do not believe any reasonably possible change in the key assumptions would lead to an impairment of the carrying amount of the CGUs.

15. Other assets

	2014 £	2013 £
Other assets	**158,500**	57,598

Other asset represents the rental deposit on operating leases and deposits held with third party suppliers.

16. Cash and cash equivalents

	2014 £	2013 £
Cash and cash equivalents	**3,994,326**	5,063,470
Restricted cash	**19,568**	121,853
	4,013,894	5,185,323

Restricted cash of £19,568 (2013: £121,853) relates to funds held in Swiss subsidiaries which are currently undergoing liquidation. The funds are restricted and are not included in the consolidated statement of cash flows.

17. Trade and other receivables

	2014 £	2013 £
Trade and other receivables	**1,183,859**	612,307
Allowance for doubtful debts	**(9,548)**	–
	1,174,311	612,307
Prepayments and accrued income	**1,050,430**	732,469
	2,224,741	1,344,776

All amounts shown fall due for payment within one year.

18. Trade and other payables

	2014 £	2013 £ As restated
Trade and other payables	**1,277,163**	574,582
Accruals	**1,077,171**	1,217,702
Player liabilities	**395,802**	98,047
	2,750,136	1,890,331

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

19. Loans and borrowings

	2014 £	2013 £
Current liabilities		
Loans and borrowings	**14,504**	24,000
Non-current liabilities		
Loans and borrowings	**–**	20,504

Strategic Report
Corporate Governance
Financial Statements

Notes to the Consolidated Financial Statements continued

For the period ended 31 December 2014

20. Financial instruments and risk management – Group

The Group is exposed through its operations to risks that arise from use of its financial instruments. The Group does not make any use of derivative-based financial instruments. The Group's financial assets and liabilities are shown on the face of the consolidated statement of financial position and in the table below and they can be classified wholly as either loans and receivables, other assets or other liabilities. The Group has operated with a positive cash balance throughout the period.

	2014 **£**	2013 £
Financial assets		
Cash and cash equivalents	**4,013,894**	5,185,323
Trade and other receivables	**1,174,311**	612,307
Other assets	**158,500**	57,598
Financial liabilities		
Trade and other payables	**1,277,163**	574,582
Accruals	**1,077,171**	1,217,702
Player liabilities	**395,802**	98,047
Loans and borrowings	**14,504**	44,504
Contingent consideration	**4,887,648**	–

Financial assets of the Group are classified as loans and receivables and all financial liabilities are held at amortised cost except contingent consideration which is recognised at fair value through profit and loss. In the Directors' opinion, there is no material difference between the book value and the fair value of any of the financial instruments.

The Group has some exposure to credit risk and liquidity risk. The Group does not have any material exposure to currency risk. There has been no material change to the financial instruments used within the business during the period except for contingent consideration and therefore no material changes to the risk management policies put in place by the Board which are now discussed below.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. Whilst acknowledging this responsibility, it has delegated the authority and day to day responsibility for designing and operating systems and controls which meet these risk management objectives to the finance and administration function. The Board regularly reviews the effectiveness of these processes in meeting its objectives and considers any necessary changes in response to changes within the business or the environment in which it operates.

Liquidity risk

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. Customer funds are kept in dedicated client accounts, separately from the Group's operational bank accounts.

The following table sets out the contractual maturities of financial liabilities:

At 31 December 2014	**Within 1 year £**	**1–2 years £**	**Over 2 years £**
Trade and other payables	1,277,163	–	–
Accruals	1,077,171	–	–
Player liabilities	395,802	–	–
Loans and borrowings	14,504	–	–
Contingent consideration	2,500,000	1,444,364	943,284
Total	**5,264,640**	**1,444,364**	**943,284**

At 30 September 2013 (as restated)	Within 1 year £	1–2 years £	Over 2 years £
Trade and other payables (as restated)	574,582	–	–
Accruals	1,217,702	–	–
Player liabilities	98,047	–	–
Loans and borrowings	24,000	20,504	–
Total	1,914,331	20,504	–

20. Financial instruments and risk management – Group continued

At 31 December 2014, the analysis of trade and other receivables that were past due but no impaired is as follows:

	Current £	Between 30 and 60 days £	Between 61 and 90 days £	Over 91 days £
Trade and other receivables	750,156	268,930	101,801	62,972
Allowance for doubtful debts	–	–	–	(9,548)
At 31 December 2014	**750,156**	**268,930**	**101,801**	**53,424**
Trade and other receivables	437,398	85,794	75,127	13,988
Allowance for doubtful debts	–	–	–	–
At 30 September 2013	437,398	85,794	75,127	13,988

Financial liabilities measured at fair value

The fair value hierarchy of financial liabilities measured at fair value is provided.

	2014			2013		
	Level 1 £	**Level 2 £**	**Level 3 £**	Level 1 £	Level 2 £	Level 3 £
Contingent consideration (Note 25)	**–**	**–**	**4,887,648**	–	–	–

The fair value measurement hierarchy is based on the inputs to valuation techniques used to measure fair value. The inputs are categorised into three levels, with the highest level (level 1) given to inputs for which there are unadjusted quoted prices in active markets for identical assets or liabilities and the lowest level (level 3) given to unobservable inputs. Level 2 inputs are directly or indirectly observable inputs other than quoted prices.

Capital management

The Group is funded entirely through shareholders' funds.

If financing is required the Board will consider whether debt or equity financing is more appropriate and proceed accordingly. The Group is not subject to any externally imposed capital requirements.

21. Share capital

Ordinary shares

	2014 Number	**2014 £**	2013 Number	2013 £
Ordinary shares of 10 pence each	**195,170,489**	**19,517,049**	146,333,690	14,633,369

Movements in share capital

	Number	£
Bingo Realms Limited ordinary shares issued for cash consideration	2,237,500	223,750
Adjustments in respect of the reverse transaction	82,626,610	8,262,661
Ordinary shares issued in the acquisition of Bejig Limited and AlchemyBet Limited	35,238,730	3,523,873
Ordinary shares issued for cash consideration	26,230,850	2,623,085
At 30 September 2013	146,333,690	14,633,369
Ordinary shares issued for cash consideration	41,261,041	4,126,104
Ordinary shares issued in the acquisition of Blueburra Holdings Limited	7,575,758	757,576
At 31 December 2014	**195,170,489**	**19,517,049**

The above analysis of the movements in share capital in the prior period reflects the initial share capital of Bingo Realms Limited subsequently adjusted for the reverse transaction and the subsequent share issues.

Ordinary B Shares and Deferred Shares

Ordinary B Shares have a nominal value of 0.01 pence each ("B Shares") and Deferred Shares have a nominal value of 0.01 pence each ("Deferred Shares"). The B Shares and the Deferred Shares shall not entitle the holders of them to receive notice of, to attend, to speak or to vote at any general meeting (including Annual General Meetings) of the Company. At 31 December 2014 there were no B Shares or Deferred Shares in issue.

Notes to the Consolidated Financial Statements continued

For the period ended 31 December 2014

22. Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value.
Merger reserve	Adjustments arising on the reverse transaction and the excess of the fair value over nominal value for shares issued in business combinations qualifying for merger relief under the Companies Act 2006.
Retained earnings	All other net gains and losses and transactions with owners not recognised elsewhere.

23. Leases

The Group has future lease payments under non-controllable operating leases on land and buildings and other leases. The total future value of minimum lease payments is due as follows:

	2014 **£**	2013 £
Not later than one year	**118,476**	51,480
Later than one year and not later than five years	**407,803**	90,090
Later than five years	**–**	–
	526,279	141,570

24. Share-based payment

The Group has two share option schemes:

1. The 2009 Employees' Share Option Plan
2. Gaming Realms EMI Plan

1. The 2009 Employees' Share Option Plan

On 28 August 2009 the Company adopted the Pursuit Dynamics PLC 2009 Employees' Share Option Plan to allow, at the discretion of the Board, any eligible employee to be granted EMI or non-EMI qualified options at an exercise price to be determined by the Board but not to be less than the nominal value of a share and will vest subject to such time based and share price performance based conditions as the Board may determine.

The outstanding options of 381,500 were forfeited during the period. The total fair value that was charged to the income statement in the prior period in relation to the equity-settled share-based payments charge was £13,289.

2. Gaming Realms 2013 EMI Plan

On 1 August 2013 the Company adopted the Gaming Realms 2013 EMI Plan to allow, at the discretion of the Board, any eligible employee to be granted EMI or non-EMI qualified options at an exercise price to be determined by the Board but not to be less than the nominal value of a share and will vest subject to such time based and share price performance based conditions as the Board may determine.

Options to acquire ordinary shares under the EMI plan may be granted up to a maximum of £3,000,000 (based on the market value of the shares placed under option at the date of the grant).

No consideration is payable for the grant to of the option and the options are not transferable or assignable. Cash consideration is paid to the Company by the employee at the point that the share options are exercised.

In the prior period, the Company granted options for B Shares under the Gaming Realms 2013 EMI plan. B Share value will be 20 pence less than the prevailing price of the ordinary shares and will therefore have no value unless the value of the new ordinary shares exceeds 20 pence. EMI options can only be granted to employees who meet the statutory working time requirement, and cannot normally be exercised before 15 July 2015. All options granted under the New Share Option Scheme on Admission will be exercisable over B Shares at their nominal value of £0.01 and will be capable of exercise, subject to certain exceptions, after two years of the date of grant.

Options are not exercisable later than midnight on the day before the tenth anniversary of the date of grant.

24. Share-based payment continued

Options were fair valued using the Black-Scholes option pricing model, or where there are market-based performance conditions, a Monte Carlo simulation pricing model.

Expected volatility was determined by calculating the historical volatility of the Company's competitors in the sector.

The following information is relevant in the determination of the fair value of options granted during the period under the equity-settled share based remuneration schemes operated by the Group.

	2014	2013	2013
Option scheme	**EMI Option**	EMI Option	Unapproved Options
Equity-settled			
Option pricing model used	**Black-Scholes**	Monte Carlo	Black-Scholes
Weighted average share price at grant date (in pence)	**21–31**	13	13
Exercise price (in pence)	**23–29**	0.01	13
Expected life (years)	**2–7**	3.5	3.5
Risk free rate	**0.55%**	0.	0.78%
Expected dividend yield	**–**	–	–

IFRS 2 (Share-based payment) requires that the fair value of such equity-settled transactions is calculated and systematically charged to the statement of comprehensive income over the vesting period. The total fair value that was charged to the income statement in relation to the equity-settled share-based payments charge was £438,169 (2013: £23,182).

	2014	
	Number	**Weighted average exercise price (pence)**
Outstanding at 1 October 2013	**27,692,297**	**0.73**
Granted during the period	**7,564,128**	**23**
Forfeited during the period	**(173,913)**	**23**
Number of options outstanding at 31 December 2014	**35,082,512**	**5.42**
Exercisable at 31 December 2014	**–**	**–**

Options to subscribe under various schemes, including those noted in Directors' interests in Note 7, are shown in the table below:

	Date granted	Exercise price (pence)	Exercisable between	**2014 Number of shares**	2013 Number of shares
Approved	1 August 2013	0.01	31 July 2015 – 31 July 2023	**26,153,837**	26,153,837
Unapproved	1 August 2013	13	31 July 2015 – 31 July 2023	**1,538,460**	1,538,460
Approved	2 April 2014	23	1 April 2017 – 1 April 2024	**6,042,389**	–
Unapproved	17 June 2014	23	16 June 2016 to 16 June 2024	**750,000**	–
Approved	17 June 2014	28.88	16 June 2017 to 16 June 2024	**597,826**	–
				35,082,512	27,692,297

Notes to the Consolidated Financial Statements continued

For the period ended 31 December 2014

25. Business combinations during the period

Acquisition of QuickThink Media Limited

On 10 December 2013, the Group acquired QuickThink Media Limited, a company in which there are common shareholders and key management personnel, for an estimated total consideration of £2,274,421, comprising of £1,470,850 cash and a deferred payment of 3,571,428 ordinary shares being the equivalent of £803,571 at the time of acquisition to be allotted and admitted to trading 12 months from completion. The deferred payment has been recorded as shares to be issued at the time of acquisition. Acquisition costs of £37,500 arose as a result of the transaction. These have been recognised as part of administrative expenses in the statement of profit and loss. QuickThink Media Limited is a specialist online gaming marketing agency which will enhance the Group's activities by cost-effectively capturing new users across emerging digital channels such as Facebook. Details of the fair value of identifiable assets and liabilities acquired and purchase consideration and goodwill are as follows:

	Book value £	Adjustment £	Fair value £
Non-contractual customer lists and relationships	–	458,409	458,409
Trade and other receivables	589,718	–	589,718
Cash	28,485	–	28,485
Trade and other payables	(620,500)	–	(620,500)
Deferred tax liability	–	(85,719)	(85,719)
Total net assets	**(2,297)**	**372,690**	**370,393**

Fair value of consideration paid	£
Cash consideration	1,470,850
Deferred consideration – Gaming Realms plc ordinary shares	803,571
Total consideration	**2,274,421**
Goodwill (Note 14)	**1,904,028**

Goodwill recognised in the acquisition of QuickThink Media Limited relates to the presence of certain intangible assets such as an experienced workforce, which do not qualify for separate recognition. The net cash acquired was an outflow of £1,442,365. Prior to acquisition for the period 1 October 2013 to 10 December 2013, the revenue generated was £833,115 and loss after tax was £632. Since acquisition, QuickThink Media Limited generated £6,751,974 in revenue and loss after tax of £793,866.

On 2 December 2014, the original shareholders of QuickThink Media Limited agreed to accept £825,000 cash in lieu of the 3,571,428 ordinary shares as payment of the deferred consideration. The difference between the fair value of shares to be issued and cash consideration of £21,429 was charged to the profit and loss reserve. The deferred consideration was paid on the 10 December 2014.

Acquisition of Blueburra Holdings Limited

On 5 September 2014, the Group acquired 100% of the voting equity of Blueburra Holdings Limited. Digital Blue Limited, a wholly owned subsidiary of Blueburra Holdings Limited is an eGaming marketing specialist. The acquisition is expected to expedite the Group's marketing strategy in the UK by adding further reach and capability to its current affiliate marketing subsidiary, QuickThink Media and adding an enlarged database of players for cross promotion, as well as further white label brands, which will allow for greater Group cross marketing and consequently, monetisation. Acquisition costs of £103,273 arose as a result of the transaction. These have been recognised as part of administrative expenses in the statement of profit and loss. Details of the fair value of identifiable assets and liabilities acquired and purchase consideration and goodwill are as follows:

	Book value £	Adjustment £	Fair value £
Non-contractual customer lists and relationships	–	2,343,632	2,343,632
Property, plant and equipment	47,779	–	47,779
Trade and other receivables	330,022	–	330,022
Other assets	1,500	–	1,500
Cash	652,054	–	652,054
Trade and other payables	(364,349)	–	(364,349)
Total net assets	**667,006**	**2,343,632**	**3,010,638**

25. Business combinations during the period continued

Fair value of consideration paid

	£
Cash consideration	2,500,000
Share consideration	2,500,000
Contingent consideration	4,840,328
Total consideration	**9,840,328**
Goodwill arising on acquisition (Note 14)	**6,829,690**
Contingent consideration at acquisition date	4,840,328
Unwinding of discount on contingent consideration (Note 10)	47,320
Contingent consideration at 31 December 2014	**4,887,648**

Consideration of £2,500,000 and 7,575,758 shares with a total value of £2,500,000 were settled on 5 September 2014. The Group has agreed to pay additional consideration of up to £2,750,000 in cash and £2,750,000 in shares dependent on the achievement of set performance targets in the periods ending 31 December 2014, 31 December 2015 and 31 December 2016. The consideration will be settled in cash and ordinary shares of Gaming Realms plc on their payment dates on achieving the relevant targets. The Group has recognised £4,840,328 being the present value of contingent consideration having made a probability based assessment of the amount payable related to the additional consideration, which represents the fair value at acquisition date. Contingent consideration has been calculated based on the Group's expectation of what it will pay in relation to earn out agreement. The earn out targets are based on the EBITDA multiple of the annual results of the acquired business. The fair value of the contingent consideration is calculated by weighting the probability of achieving these targets to give an estimate of the final obligation.

Goodwill recognised in the acquisition of Blueburra Holdings Limited relates to the presence of certain intangible assets, such as experienced workforce and material cost savings, which do not qualify for separate recognition. The net cash acquired was an outflow of £1,847,946. Prior to acquisition for the period 1 October 2013 to 5 September 2014, the revenues generated was £3,797,695 and the consolidated profit after tax was £1,580,400. Since acquisition, Blueburra Holdings Limited generated £1,017,421 in revenue and profit after tax of £369,187.

26. Business combinations completed in prior periods

Acquisition of Gaming Realms plc and its controlled entities

In the prior period, Bingo Realms Limited's original shareholders obtained a majority share interest in Gaming Realms plc (formerly known as Pursuit Dynamics plc) as a result of the acquisition transaction.

The transaction did not meet the definition of a business combination in IFRS 3 'Business Combinations'. The transaction has therefore been accounted for in the consolidated financial statements in accordance with IFRS 2 'Share-based Payment' and has been accounted for as a continuation of the financial statements of Bingo Realms Limited, together with a deemed issue of shares, equivalent to the shares held by the former shareholders of the Company. The deemed issue of shares is, in effect, a share-based payment transaction whereby Bingo Realms Limited is deemed to have received the net assets of the Company, together with the listing status of the Company. The overall accounting effect is similar to that of a reverse acquisition in IFRS 3 with the exception that no goodwill is recognised.

Because the consolidated financial statements represent a continuation of the financial statements of Bingo Realms Limited, the principles and guidance on the preparation and presentation of the consolidated financial statements in a reverse acquisition set out in IFRS 3 have been applied:

- the cost of the acquisition, and amount recognised as issued capital to effect the transaction, is based on the notional amount of shares that Bingo Realms Limited would have needed to issue to acquire the same shareholding percentage in the Company at the acquisition date;
- retained earnings and other equity balances in the consolidated financial statements at acquisition date are those of Bingo Realms Limited;
- a shared-based payment transaction arises whereby Bingo Realms Limited is deemed to have issued shares in exchange for the net assets of the Company (together with the listing status of the Company). The listing status does not qualify for recognition as an intangible asset and has therefore been expensed;
- the equity structure in the consolidated financial statements (the number and type of equity instruments issued) at the date of the acquisition reflects the equity structure of the Company, including the equity instruments issued by the Company to effect the acquisition; and
- the results for the period ended 30 September 2013 comprise the consolidated results for the period of Bingo Realms Limited together since incorporation with the results of the Company from 1 August 2013.

Notes to the Consolidated Financial Statements continued

For the period ended 31 December 2014

26. Business combinations completed in prior periods continued

During the period ending 31 December 2014, it was identified that the net assets acquired on the 1 August 2013 as part of the reverse acquisition, did not include an additional liability to the Swiss tax authorities of £112,044. The liability arose as part of the ongoing liquidation process of the existing Swiss entities. The results of the prior year financials have been restated to include the liability to the Swiss tax authorities in accruals at 30 September 2013 with corresponding increase to the share-based payment charge on the reverse transaction in 2013.

Details of the (restated) fair value of the asset and liabilities of the Company that were acquired on its acquisition by Bingo Realms Limited are as follows:

	2013 As previously stated £	Restated adjustment £	2013 As restated £
Share-based payment expense			
Assets and liabilities acquired:			
Cash and cash equivalent	3,960,392	–	3,960,392
Trade and others receivables	165,879	–	165,879
Other assets	8,383	–	8,383
Trade and others liabilities	(921,667)	(112,044)	(1,033,711)
Total net assets	**3,212,987**	**(112,044)**	**3,100,943**

The table above represent the assets and liabilities of Gaming Realms plc (formerly Pursuit Dynamics plc) that were acquired on its acquisition by Bingo Realms Limited. Refer to Note 1 "Basis of consolidation".

The fair value of shares that Bingo Realms Limited issued to effect the transaction amounted to £3,532,335. The difference between the fair value of £3,532,335 and the net assets acquired of £3,100,943, being £431,392 has been expensed as a share-based payment cost in profit and loss statement.

Of the £3,960,392 cash acquired in the reverse acquisition, £121,853 does not meet the definition of cash and cash equivalent under IAS 7 "Statement of Cash Flows" and is therefore not included in the consolidated statement of cash flows. The restricted cash relates to funds held in Swiss subsidiaries which are currently undergoing liquidation.

Acquisition of Bejig Limited

On 1 August 2013 the Group acquired 90.66% of the voting equity of BeJig Limited, taking the total ownership of the Group to 100%. The initial 9.34% was acquired previously for cash consideration of £400,000.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Book value £	Adjustment £	Fair value £
Non-contractual customer lists and relationships	–	256,419	256,419
Intangible assets	477,439	–	477,439
Property, plant and equipment	27,949	–	27,949
Trade and other receivables	399,388	–	399,388
Other assets	55,598	–	55,598
Cash	87,714	–	87,714
Trade and other payables	(896,775)	–	(896,775)
Total net assets	**151,313**	**256,419**	**407,732**

A deferred tax liability of £58,976 arising as a result of the recognition of additional intangible assets was offset by the recognition of an equivalent deferred tax asset in respect of tax losses in Bejig Limited.

26. Business combinations completed in prior periods continued

Fair value of consideration paid

	£
Purchase consideration – Gaming Realms plc ordinary shares	3,511,988
Cash consideration – previously held equity interest	400,000
Fair value adjustment of previously held equity interest	(38,187)
Total consideration	**3,873,801**
Goodwill (Note 14)	**3,466,069**

Goodwill recognised in the acquisition of BeJig Limited relates to the presence of certain intangible assets such as an experienced workforce, which do not qualify for separate recognition.

Acquisition of AlchemyBet Limited

On 1 August 2013 the Group acquired 88.85% of the voting equity of AlchemyBet Limited, taking the total ownership of the Group to 100%. The initial 11.15% was acquired previously for cash consideration of £133,842.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Book value £	Adjustment £	Fair value £
Non-contractual customer lists and relationships	–	131,093	131,093
Trade and other receivables	112,625	–	112,625
Cash	31,908	–	31,908
Trade and other payables	(416,855)	–	(416,855)
Total net assets	**(272,322)**	**131,093**	**(141,229)**

A deferred tax liability of £30,151 arising as a result of the recognition of additional intangible assets was offset by the recognition of an equivalent deferred tax asset in respect of tax losses in AlchemyBet Limited.

Fair value of consideration paid

	£
Purchase consideration – Gaming Realms plc ordinary shares	1,069,047
Cash consideration – previously held equity interest	133,842
Total consideration	**1,202,889**
Goodwill (Note 14)	**1,344,118**

Goodwill recognised in the acquisition of AlchemyBet Limited relates to the presence of certain intangible assets such as the UK gambling license and an experienced workforce, which do not qualify for separate recognition.

27. Related party transactions

On the 10 December 2013, the Group purchased QuickThink Media Limited, a company in which there are common shareholders and key management personnel, for cash consideration of £1,470,850 and deferred consideration of 3,571,428 ordinary shares to be issued. On 2 December 2014, the original shareholders agreed to accept £825,000 cash in lieu of the 3,571,428 ordinary shares as payment of the deferred consideration (see Note 25).

During the period, up until the acquisition on the 10 December 2013, the Group received and provided marketing services from and to QuickThink Media Limited. The following summarises the transactions and outstanding balances at the end of the period:

	2014 £	2013 £
Revenue and other operating revenue	**–**	2,349
Operating expenses	**70,054**	74,961
Related party debtor	**–**	2,349
Related party creditor	**–**	240

Notes to the Consolidated Financial Statements continued
For the period ended 31 December 2014

27. Related party transactions continued
During the period £130,000 (2013: £20,000) of consulting fees were paid to Dawnglen Finance Limited, a company controlled by Michael Buckley.

During the period, the Group received accounting services from M2Ventures, a company in which there are common shareholders. The amounts paid in the period in was £2,133 (2013: £3,388). No balance (2013: £1,100) was outstanding at the end of the period.

In 2011, AlchemyBet Limited acquired certain IP and intangible assets from Cometa Wireless Gaming Systems Ltd. In consideration for these assets the Group committed to repay an outstanding loan balance of £76,504. Cometa Wireless is a related party by virtue of common ownership and common directors. £14,504 (2013: £44,504) of the loan remains outstanding at period ended 31 December 2014.

The amount owed to Directors was nil (2013: £7,345). No amounts were owed from Directors.

The details of key management compensation (being the remuneration of the Directors) are set out in Note 6.

In addition to Directors' remuneration detailed in Note 7, £2,250 was paid to Phil Corbishley for the provision of office facilities for the period July to September 2013 following the closure of the Huntingdon premises. Phil Corbishley also purchased miscellaneous items of office furniture and equipment for £100. There were no related party transactions with Phil Corbishley in the current period.

28. Subsidiaries
The principal subsidiaries of the Company, all of which have been included in these consolidated financial statements, are as follows:

Name	Country of Incorporation	Principal activity	Proportion held by Parent Company	Proportion held by Group
Bingo Realms Limited	UK	Marketing services	100%	100%
Bejig Limited	UK	Social gaming operator	90.66%	100%
AlchemyBet Limited	UK	Real money gaming operator	88.85%	100%
QuickThink Media Limited	UK	Marketing services	100%	100%
Bear Group Limited	Alderney	Real money gaming operator	100%	100%
Blueburra Holdings Limited	Isle of Man	Marketing services	100%	100%
Digital Blue Limited	Isle of Man	Marketing services	0%	100%

The Group held 100% interest in the following subsidiaries which were in the process of being liquidated at the balance sheet date:

Name	Country of Incorporation	Principal activity	Proportion held by Parent Company	Proportion held by Group
Pursuit Dynamics, Inc	Delaware, USA	Dormant	100%	100%
PDX Businessgroup AG	Switzerland	In liquidation	100%	100%
PDX Technologies AG	Switzerland	In liquidation	0%	100%
PDX Management AG	Switzerland	In liquidation	0%	100%
PDX Public Health and Safety AG	Switzerland	In liquidation	0%	100%
BFX Solutions AG	Switzerland	In liquidation	0%	100%
DDX Solutions AG	Switzerland	In liquidation	0%	100%

On the 8 October 2013, Pursuit Processing Equipment Limited was officially dissolved.

29. Events after the reporting date
On the 27 January 2015, the Group decided to restructure the marketing services segment by relocating its operations from the Isle of Man to London. This enabled the Group to consolidate its existing London team by streamlining its process and improving its efficiency.

On the 9 April 2015, Bingo Realms Limited entered into an Asset Sale and Purchase Agreement with European Domain Management Ltd, to sell all associated assets in its Bingo Godz and CastleJackpot brands which were operated by Intellectual Property & Software Limited. The total consideration for the sale was £500,000 in cash, with £200,000 payable on completion and the remainder payable over the next 17 months.

Parent Company Balance Sheet

As at 31 December 2014

	Note	31 December 2014 £	30 September 2013 £
Fixed assets			
Investment in subsidiary undertakings	2	**17,951,876**	9,293,105
Tangible assets		**61,039**	–
Total fixed assets		**18,012,915**	9,293,105
Current assets			
Cash and cash equivalents		**2,741,284**	3,111,608
Debtors: amounts falling due within one year	3	**8,320,269**	3,185,517
Debtors: amounts falling due after more than one year		**120,000**	–
Total current assets		**11,181,553**	6,297,125
Creditors: amounts falling due within one year	4	**1,832,787**	419,749
Net current assets		**9,348,766**	5,877,376
Total assets less current liabilities		**27,361,681**	15,170,481
Creditors: amounts falling due after more than one year	4	**1,535,479**	–
Net assets		**25,826,202**	15,170,481
Equity			
Share capital	5	**19,517,049**	14,633,369
Share premium	6	**78,119,547**	70,437,354
Retained earnings	6	**(71,810,394)**	(69,900,242)
Total equity		**25,826,202**	15,170,481

The financial statements on pages 48 to 51 were approved and authorised for issue by the Board of Directors on 21 April 2015 and were signed on its behalf by:

Patrick Southon
Chief Executive Officer

Notes to Parent Company Financial Statements

For the period ended 31 December 2014

1. Principal accounting policies

The financial statements have been prepared in accordance with applicable accounting standards and the Companies Act 2006 in the UK. A summary of the more important accounting policies, which have been reviewed by the Board of Directors in accordance with Financial Reporting Standard ("FRS") 18, "Accounting policies", and have been applied consistently, other than as explained, is set out below.

Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention and in accordance with applicable UK Accounting Standards (UK Generally Accepted Accounting Practices). Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

These financial statements present the results of Gaming Realms plc for the period 1 October 2013 to 31 December 2014.

Investments

Investments held as fixed assets are stated at cost, less any provision for impairment in value. Where shares are issued to effect business combinations and the conditions of the Companies Act 2006 are met, merger relief is applied and the resulting investment is recorded at the nominal value of the shares issued.

Financial instruments

Deposits with financial institutions which are not repayable on demand without penalty are classified as short-term investments. Interest on short-term investments is recognised on the accruals basis over the life of the investment.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Foreign currencies

Transactions denominated in foreign currencies are recorded at exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Any gain or loss arising from a change in exchange rates subsequent to the date of the initial transaction is included as an exchange gain or loss in the profit and loss account, except where financing of a foreign subsidiary through long-term loans is intended to be as permanent as equity. Such balances are treated as part of the net investment and any exchange differences are recorded in reserves.

2. Investments

	£
At 1 October 2013	9,293,105
Additions	8,658,771
At 31 December 2014	**17,951,876**

Additions relate to the incorporation of Bear Group Limited and the acquisition of QuickThink Media Limited and Blueburra Holdings Limited. Refer to Note 25 of the consolidated financial statements for further details on the acquisitions.

The Company's investments comprise interests in 14 Group undertakings, all of which are included in the consolidated financial statements.

Details of these are shown below:

Name	Country of Incorporation	Principal activity	Proportion held by Parent Company	Proportion held by Group
Bingo Realms Limited	UK	Marketing services	100%	100%
Bejig Limited	UK	Social gaming operator	90.66%	100%
AlchemyBet Limited	UK	Real money gaming operator	88.85%	100%
QuickThink Media Limited	UK	Marketing services	100%	100%
Bear Group Limited	Alderney	Real money gaming operator	100%	100%
Blueburra Holdings Limited	Isle of Man	Marketing services	100%	100%
Digital Blue Limited	Isle of Man	Marketing services	0%	100%

The Group held 100% interest in the following subsidiaries which were in the process of being liquidated at the balance sheet date:

Name	Country of Incorporation	Principal activity	Proportion held by Parent Company	Proportion held by Group
Pursuit Dynamics, Inc	Delaware, USA	Dormant	100%	100%
PDX Businessgroup AG	Switzerland	In liquidation	100%	100%
PDX Technologies AG	Switzerland	In liquidation	0%	100%
PDX Management AG	Switzerland	In liquidation	0%	100%
PDX Public Health and Safety AG	Switzerland	In liquidation	0%	100%
BFX Solutions AG	Switzerland	In liquidation	0%	100%
DDX Solutions AG	Switzerland	In liquidation	0%	100%

On the 8 October 2013, Pursuit Processing Equipment Limited was officially dissolved.

3. Debtors

	2014 £	2013 £
Amounts due from Group companies	**8,220,097**	2,947,433
Other debtors	**34,983**	189,463
Prepayments and accrued income	**65,189**	48,621
	8,320,269	3,185,517

Notes to Parent Company Financial Statements continued

For the period ended 31 December 2014

4. Creditors

	2014 £	2013 £
Creditors: amounts falling due within one year		
Trade creditors	**76,958**	48,502
Other creditors	**64,526**	73,240
Accruals and deferred income	**76,339**	298,007
Contingent consideration	**1,614,964**	–
	1,832,787	419,749

	2014 £	2013 £
Creditors: amounts falling due after more than one year		
Contingent consideration	**1,535,479**	–
	1,535,479	–

5. Called up share capital

Allotted, called up and fully paid

	2014 £	2013 £
195,170,489 (2013: 146,333,690) ordinary shares of 10 pence each	**19,517,049**	14,633,369

Allotted and fully paid

	£
As at 1 October 2012	862,203
Issued during the year	13,771,166
As at 30 September 2013	14,633,369
Issued during the period	4,883,680
As at 31 December 2014	**19,517,049**

6. Reserves

	Share premium account £	Profit and loss account £
As at 1 October 2012	66,150,179	(64,706,598)
Share issue	4,495,704	–
Issuance costs of shares	(208,529)	–
Loss for the financial year	–	(5,092,741)
Currency exchange difference	–	(3,190)
Share option compensation charge	–	(97,713)
As at 30 September 2013	70,437,354	(69,900,242)
Share issue	7,812,895	–
Issuance costs of shares	(130,702)	–
Settlement of shares to be issued	–	(21,429)
Loss for the financial period	–	(2,326,892)
Share option compensation charge	–	438,169
As at 31 December 2014	**78,119,547**	**(71,810,394)**

7. Reconciliation of movements in shareholders' funds

	£
Shareholders' funds 1 October 2012	2,305,784
Proceeds of ordinary share issue	8,973,766
Ordinary shares issued in the reverse transaction with Bingo Realms Limited	5,769,231
Ordinary shares issued in the acquisition of Bejig Limited and AlchemyBet Limited	3,523,873
Issuance costs of shares	(208,529)
Currency exchange differences	(3,190)
Loss for the financial year	(5,092,741)
Share option compensation (credit)/charge	(97,713)
Shareholders' funds 30 September 2013	15,170,481
Proceeds of ordinary share issue	11,938,999
Ordinary shares issued in the acquisition of Blueburra Holdings Limited	757,576
Issuance costs of shares	(130,702)
Settlement of shares to be issued	(21,429)
Loss for the financial period	(2,326,892)
Share option compensation (credit)/charge	438,169
Shareholders' funds 31 December 2014	**25,826,202**

On 11 December 2013, 11,476,190 shares were issued at £0.21 per share with costs of £37,000 associated with the share issue.

On 20 March 2014, 3,000,000 shares were issued at £0.23 per share.

On 5 September 2014, 18,148,487 shares were issued at £0.33 per share with costs of £93,702 associated with the share issue. In addition 7,575,758 shares were issued at £0.33 per share as part of the acquisition of Blueburra Holdings Limited.

On 9 September 2014, 757,576 shares were issued at £0.33 per share.

On 5 December 2014, 6,666,667 shares were issued at £0.33 per share.

On 12 December 2014, 1,212,121 shares were issued at £0.33 per share.

8. Employee information

The Company had a monthly average of ten (2013: six) employees during the year.

The employee costs for the Company were £752,200 (2013: £423,086).

Details of Directors' remuneration can be found in Note 7 of the consolidated financial statements.

9. Parent company result for the year

As permitted by section 408 of the Companies Act 2006, a separate profit and loss account of the Company is not presented.

The Company's loss for the financial period was £2,326,892 (2013: £5,092,741).

The only other recognised gains or losses for the financial period other than the loss disclosed above was a loss of nil (2013: £3,190) arising on the translation of foreign currency denominated long-term intercompany balances.

10. Share-based payment

All share option schemes relating to Gaming Realms plc including those that have lapsed prior to the reverse transaction have been included below:

The Group has two share option schemes:

1. The 2009 Employees' Share Option Plan
2. Gaming Realms EMI Plan

Refer to Note 24 of the consolidated financial statements for details of these share schemes.

Company Information

Directors
Michael Buckley, Chairman
Patrick Southon, Chief Executive Officer
Simon Collins, Executive Director
Mark Segal, Chief Financial Officer
Jim Ryan, Non-executive Director
Mark Wilson, Non-executive Director
Atul Bali, Non-executive Director

Company Secretary
Mark Segal

Auditors
BDO LLP, 55 Baker Street, London, W1U 7EU

Bankers
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Nominated advisors
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Solicitors
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Registrars
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