**GameAccount Network plc (GAN)**

**2015 Half Year Results**

**LSE: GAME ISE: GAME**

**London & Dublin | 28 September, 2015:** GameAccount Network plc (“GAN” or the “Group”), a leading developer and supplier of enterprise-level B2B gaming software and online gaming content, announces its results for the six months ended 30 June 2015.

**Operational Overview and Current Developments**

* Launched Simulated Gaming™ in Pennsylvania with Parx Casino (Greenwood Gaming & Entertainment Inc) and in Australia launched Club8Casino.com.au, our first launch outside of the US market, with a consortium of licensed Queensland gaming venue operators
* Signed two (2) further Simulated GamingTM clients in the US; San Manuel in California, our first West Coast operator and Maryland Live! Casino in Maryland which has an online free-to-play presence launched in 2012 which will be upgraded to Simulated GamingTM
* In excess of one million Simulated GamingTM active player days representing an increase of 285% year on year
* Gross Purchases from Simulated Gaming have exceeded $2.8m, an increase of over 330%
* Post-period end, active player days have accelerated materially in Q3 with the commencement of the seasonally strong period and scale acquisition marketing for selected US casino clients. In excess of 825,000 active player days have been recorded in Q3 to September 25, 2015 representing an increase of 420% year on year
* CEO has relocated to Las Vegas, Nevada with his family demonstrating commitment to expedite delivery of Simulated Gaming™ opportunities in the US
* Launch of our Casual Mobile Gaming Platform with initial title Foxwoods Solitaire QuestTM to complement our Simulated GamingTM product offering
* Further enhanced Simulated Gaming product offering with the launch of real time slot tournament capability, upgraded mobile app, improved social features, leading casino baccarat variant EZ BACCARAT® and additional slots titles from Konami Gaming, Incredible Technologies, Gamomat and High Flyer Games
* Rebranded to GAN and enhanced US presence through expanded Nevada Office supporting CEO’s recent relocation
* Continued investment in US and UK infrastructure: Technical, Licensing, People & Patents

**Financial Overview**

* Gross Income has increased to £13.4m (2014: £13.2m)
* Net Revenue of £2.9m (2014: £4.2m)
* Underlying Net Revenue decreased 6% to £2.9m (2014: £3.1m excluding the impact of system sales in 2014 of £1.1m)
* Clean Ebitda1 loss of £1.5m (2014: loss of £0.4m)
* Underlying Clean Ebitda1 loss remains unchanged at £1.5m excluding the impact of system sales in 2014
* Net Revenue attributable to Simulated Gaming has increased significantly to £1.2m (2014: £0.2m)
* Loss before tax of £2.6m (2014: Loss before tax of £0.9m) and loss per share of £0.05 (2014 loss per share £0.02)
* Cash and cash equivalents at the end of the period of £7.6m
* Balance Sheet remains solid with Net Assets at the end of the period of £12.6m

**Dermot Smurfit, CEO of GAN commented:**

*“The first half of 2015 has continued the period of investment for GAN, and, performance is in line with our plan.*

*We have continued to focus on building a substantial recurring revenue base to offset this investment and achieve future profitability. In particular, Simulated GamingTM revenues have grown substantially year on year by over £1.0m and now represent over 41% of overall revenue. In addition, we have seen encouraging growth in sustainable market revenues in both New Jersey in the US and Italy in Europe. The rapid growth in Simulated GamingTM revenues is particularly important as we believe over time they will substantially compensate for the slower than expected pace of the development of real-money Internet gaming in the US.*

*We have seen continued growth from our Simulated GamingTM operators launched in 2014 and have also benefited in the first half of this year from the launch of two new operators; Parx Casino in the key state of Pennsylvania and Club8Casino.com.au in Australia - our first Simulated GamingTM market outside of our core US market. In addition we have signed two additional major US casino operators who we believe will significantly grow our revenue base over time. San Manuel casino represents our first West Coast operator and widens our footprint in the US market, an important strategic objective, and Maryland Live! Casino in Maryland provides us with an established online free-to-play presence that we will monetise upon migration. We remain excited by the growth characteristics of Simulated GamingTM and have already seen a major uplift in player activity as we begin to experience the onset of the seasonally strong Autumn/Fall period and the commencement of scale acquisition marketing for selected casino clients.*

*In addition we have experienced further growth in our sustainable real money gaming markets both in New Jersey in the US and in Italy in our European market. This growth is expected to continue for the rest of the year.*

*As the numbers illustrate our investment in the business continues. In line with the growth in Simulated GamingTM reveunes we have refocused our underlying investment in our internet gaming system toward additional Simulated GamingTM product features and functionality, not least the ability to play in real time slots tournaments but also in our registration process which places our clients on a level playing field with social casino operators. At the same time we have continued to build out our slot content offering through the integration and launch of third party games on our Simulated GamingTM platform such as the recently announced partnership with Net Ent.*

*Our financial results continue to be impacted by delays in securing additional system sales but we are actively engaged with multiple casino equipment manufacturers and remain confident in our ability to complete a sale either in the fourth quarter of this year or early in 2016.”*

**Notes**

1. Clean EBITDA is a non GAAP company specific measure and excludes interest, tax, depreciation, amortisation, share based payment expense and other items which the directors consider to be non-recurring and one time in nature

**Note regarding forward-looking statements**

This announcement includes forward-looking statements, including statements concerning current expectations about future financial performance and economic and market conditions which GAN believes are reasonable. However, these statements are neither promises nor guarantees, but are subject to risks and uncertainties that could cause actual results to differ materially from those anticipated.

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| --- | --- | --- | --- | --- |
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|  |  | | | |
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**Half Year Results Conference Call Details**

The GAN management team will host a conference call for analysts & institutional investors at 08.00 BST (03.00 EST).

Please use the following dial in numbers:

UK/International Participants: +44 203 139 4830

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Ireland Participants: +353 1 696 8154

Participant Pin Code: 49243897#

The Half Year Results Press Release and Presentation is available to download from the website, [www.GAN.com](http://www.GAN.com)

**GameAccount Network plc**

**FINANCIAL REVIEW**

**Summary**

Gross income of £13.4m for the six months ended 30 June 2015 represents an increase of £0.2m compared to the comparative period ended 30 June 2014. Net revenue for the six months ended 30 June 2015 was £2.9m compared to £4.2m for the six months ended 30 June 2014. The results for the first half of 2014 benefited from the recognition of gross income, net revenue and clean EBITDA of £1.1m associated with the contingent final payment of a material system sale completed in 2013. Excluding the impact of revenue from this system sale, underlying net revenues of £2.9m in 2015 are £0.2m less than those recorded in the first half of 2014. Clean EBITDA loss of £1.5m is £1.1m lower than prior year period clean EBITDA loss of £0.4m. On an underlying basis, excluding the impact of system sale revenues recorded in the comparative period, clean EBITDA loss remains unchanged against the comparative period loss of £1.5m. Loss before and after taxation of £2.6m for the current period compared to a Loss before and after taxation of £0.9m (2014: £2.0m loss adjusted for impact of system sale) in the comparative period.

The Group remains focussed on building a substantial recurring revenue base through the expansion of our Simulated GamingTM customer base and real money gaming revenues in sustainable markets. The Group defines sustainable markets for real money gaming as those in which the Group holds an inherent competitive advantage; currently Italy in the European market and New Jersey in the US market. In order to best meet this opportunity the Group has continued to invest heavily in the underlying Internet Gaming System capability and related B2B marketing opportunities in relevant markets. The Group believes this investment is necessary in order to ensure that it continues to be in position to capitalise on the immediate Simulated GamingTM opportunity in the US and other markets.

Cash and cash equivalents at the end of the period was £7.6m compared to £14.0m at the end of the comparative period and £10.8m for the year ended 31 December 2014. Net Assets at 30 June 2015 of £12.6m compared to £16.9m at 30 June 2014 and £15.2m for the year ended 31 December 2014.

**Revenue**

Gross Income of £13.4m is £0.2m higher than recorded in the six months ended 30 June 2014. Excluding the impact of the system sale in the six month period ended 30 June 2014 of £1.1m, underlying adjusted Gross Income increased by 10% in 2015.

Net revenue for the period of £2.9m is £1.3m less than the comparative six month period. Net revenue for the six months ended 30 June 2014 was boosted by the recognition of £1.1m in revenue related to the final payment of a material system sale completed in 2013. On an underlying basis, net revenue excluding the impact of this system sale decreased by 6% from £3.1m to £2.9m. Net revenue generated from our Simulated GamingTM business in the US and Australian markets grew from £0.2m in the first half of 2014 to £1.2m for the first six months of 2015 and now accounts for 41% of overall net revenues compared to 5% in the prior period (6% adjusted for the impact of system sale revenue in 2014).

The Group categorises B2B net revenue into two distinct revenue streams; Revenue share and other revenue (recurring in nature) and Game and Platform Development (one time and primarily non-recurring in nature). Recurring revenues are principally generated in the real money gaming markets of Italy in Europe and New Jersey in the US and by Simulated GamingTM markets in the US and Australia. B2B Recurring revenues have increased by 43% from £1.4m to £2.0m in the current period. This growth has been primarily due to increases in Simulated GamingTM revenues and by increases in sustainable market real money gaming revenues partially offset by reduced real money gaming revenues from other real money gaming markets.

Game and Platform Development revenues have fallen by £1.8m, from £2.5m to £0.7m. Underlying Game and Platform Development revenues, adjusted for the impact of system sale revenue, have fallen by 51% from £1.4m to £0.7m. This reduction has been primarily due to the impact of reduced game development revenue and one time contractual revenues associated with the real money gaming market of New Jersey in the US.

**Expenses**

Distribution costs include royalties payable to third parties, B2B and B2C direct marketing expenditure and the direct costs of operating the hardware platforms deployed across the business which in total have increased from £1.6m to £2.4m for the six months to 30 June 2015. The increase is due primarily to increased royalties payable to providers of third party games content as a result of significantly increased Simulated GamingTM revenues in the US and increased real money gaming revenues generated through our Italian operator customer base and the impact of increased amortisation charges consequent to our increased underlying investment in our Internet Gaming System.

Administration expenses include the costs of personnel and related expenditure for both the London and Nevada offices. Total administrative expenses have decreased from £3.5m in 2014 to £3.1m in the period ended 30 June 2015 primarily due to increased capitalisation of technical and development related headcount in the UK office.

**EBITDA**

Clean EBITDA is a non GAAP company specific measure and excludes interest, tax, depreciation, amortisation, share based payment expense and other items which the directors consider to be non-recurring and one time in nature. The Directors regard Clean EBITDA as a reliable measure of profits that is not unduly subjective.

Clean EBITDA loss for the six month period ended 30 June 2015 of £1.5m is £1.1m lower than the comparative figure (2014 loss of £0.4m). This predominantly reflects the impact of system sale revenue recorded in the comparative period of £1.1m. Adjusting for the impact of this system sale revenue, Clean EBITDA loss for the six month period ended 30 June 2015 remains unchanged at £1.5m against the comparative period.

**Outlook**

B2B revenue share and other revenue is expected to show continued growth for the second half of the year. Revenues from the two Simulated GamingTM operators launched in 2014 are continuing to grow in line with plan while the underlying performance of the two new Simulated GamingTM operators launched in Pennsylvania (Parx Casino) and Australia (Club8 Casino) in March 2015 is progressing slower than expected but we are confident that this will improve.

The growth opportunity in Simulated GamingTM remains significant. There is strong demand for our product which is reflected in the pipeline of prospective customers with a number of exciting deals expected to be completed in the coming quarters.

The Group will launch two further US operators in the fourth quarter; San Manuel in California and Maryland Live! Casino in Maryland though the deployments are taking place later in the year than expected. The Group expects both launches to gain momentum up to year end and to provide strong growth in Simulated GamingTM revenue for 2016.

Real money gaming revenue from sustainable markets in the US and Italy is expected to grow further and will continue to offset declines in other real money gaming markets. Growth in Italy is expected to be generated through continued strengthening of our content offering and by the launch of three additional operators in Q4.

B2B game and platform development revenues are not expected to grow in the second half of the year primarily as a result of a shift in market focus towards the sale of game content as an integrated component of an overall internet gaming system sale.

The sale of internet gaming systems remains a focus of our overall business strategy. The Group continues to engage in advanced discussions regarding a system sale and is targeting the completion of a sale in either the fourth quarter of 2015 or in early 2016.

The Group believes that the significant investment made since IPO in headcount, the underlying internet gaming system and sales and marketing has positioned the Group to capitalise on the opportunities presented by our Simulated GamingTM business and real money gaming businesses in sustainable markets. This level of investment is not expected to increase significantly during the remainder of the year. The Group is focussed primarily on the Simulated GamingTM product in order to build a high growth recurring revenue base that will enable the Group to offset this investment and achieve sustainable profitability.

**Cashflow**

The cash balance at 30 June 2015 was £7.6m (2014: £14.0m) representing a decrease of £6.4m from 30 June 2014. During the six month period the Group has continued to invest in its Internet Gaming System deployment capability and product enhancement and cash has decreased by £3.2m from the year-end balance at 31 December 2014 (£10.8m). In addition to operating cash outflow before movements in working capital and taxation of £1.5m cash outflows during the period include £2.0m in incremental investment in intangible fixed assets primarily related to the capitalisation of internal development time and £0.4m invested in fixed assets offset by positive working capital movements of £0.7m.

**KEY PERFORMANCE INDICATORS**

The performance of the group during the year demonstrates the group’s strategy to both consolidate the core gaming content distribution business in Europe and to grow through higher margin revenue opportunities including IGS sales and Game Development in regulated markets. The directors regard clean earnings before interest, tax, depreciation, amortisation, share based payment expense and other items (“Clean EBITDA”) as a reliable measure of profits and the group’s key performance indicators are set out below:

|  |  |  |
| --- | --- | --- |
|  | **H1 2015** | **H1 2014** |
|  | **£000** | **£000** |
| Gross income from gaming operations and services | 13,383 | 13,231 |
| Net revenue | 2,892 | 4,166 |
| Clean EBITDA | (1,476) | (444) |
| Net assets | 12,632 | 16,860 |
| Cash and cash equivalents | 7,622 | 14,033 |
|  |  |  |

The Board also monitor customer related KPIs, including number of active players, revenue by partner, business segment profitability and geographic split of turnover.

**GameAccount Network Plc**

**For the period ended 30 June 2015**

**Consolidated statement of comprehensive income**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Notes** | **Six months ended**  **30 June 2015**  **£000**  **Unaudited** | **Six months ended 30 June 2014 £’000**  **Unaudited** | **Year ended 31 December 2014 £’000**  **Audited** |
| **Continuing Operations** |  |  |  |  |
| Gross income from gaming operations and services |  | 13,383 | 13,231 | 26,123 |
| **Net revenues** | 3 | **2,892** | **4,166** | **7,528** |
| Distribution costs |  | (2,363) | (1,623) | (3,728) |
| Administrative expenses |  | (3,110) | (3,493) | (6,469) |
| Total operating costs |  | (5,473) | (5,116) | (10,197) |
| Clean EBITDA |  | (1,476) | (444) | (1,425) |
| Depreciation |  | (211) | (171) | (360) |
| Amortisation of intangible assets |  | (701) | (271) | (777) |
| Exceptional costs | 5 | (175) | (29) | (67) |
| Employee share‑based payment charge |  | (18) | (35) | (40) |
| **Operating (loss)** |  | (2,581) | (950) | (2,669) |
| Finance income |  | 19 | 42 | 67 |
| **(Loss) before taxation** |  | (2,562) | (908) | (2,602) |
| Tax charge |  | - | - | - |
| **Loss for the period attributable to owners of the Group and total comprehensive income for the period** |  | (2,562) | (908) | (2,602) |
| **Basic earnings per share attributable to owners of the parent during the period** |  |  |  |  |
| Basic (pence) | 9 | (4.58) | (1.63) | (4.66) |
| Diluted (pence) | 9 | (4.58) | (1.63) | (4.66) |

Clean EBITDA is a non GAAP company specific measure and excludes interest, tax, depreciation, amortisation, share based payment expenses and other items which the directors consider to be non-recurring and one time in nature. Where not explicitly mentioned, EBITDA refers to EBITDA from continuing operations.

**GameAccount Network Plc**

**For the period ended 30 June 2015**

**Consolidated statement of financial position**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Notes** | **At 30 June**  **2015 £’000**  **Unaudited** | **At 30 June**  **2014 £’000**  **Unaudited** | **At 31 December**  **2014 £’000**  **Audited** |
| **Non‑current assets** |  |  |  |  |
| Intangible assets |  | 4,354 | 1,671 | 3,026 |
| Property, plant and equipment |  | 963 | 648 | 805 |
| Deferred tax asset |  | 510 | 510 | 510 |
|  |  | 5,827 | 2,829 | 4,341 |
| **Current assets** |  |  |  |  |
| Trade and other receivables | 6 | 2,589 | 3,484 | 2,823 |
| Cash and cash equivalents |  | 7,622 | 14,033 | 10,776 |
|  |  | 10,211 | 17,517 | 13,599 |
| **Total assets** |  | **16,038** | **20,346** | **17,940** |
| **Current liabilities** |  |  |  |  |
| Trade and other payables | 7 | 3,406 | 3,486 | 2,764 |
|  |  |  |  |  |
| **Total liabilities** |  | 3,406 | 3,486 | 2,764 |
| **Equity attributable to equity holders of parent** |  |  |  |  |
| Share capital | 8 | 559 | 558 | 559 |
| Share premium account |  | 14,574 | 14,570 | 14,574 |
| Retained earnings |  | (2,501) | 1,732 | 43 |
|  |  | 12,632 | 16,860 | 15,176 |
| **Total equity and liabilities** |  | **16,038** | **20,346** | **17,940** |

**GameAccount Network Plc**

**For the period ended 30 June 2015**

**Consolidated statement of changes in equity**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Share capital £’000** | **Share premium £’000** | **Retained earnings £’000** | **Total equity £’000** |
| **At 1 January 2014** | **557** | **14,528** | **2,605** | **17,690** |
| Loss and total comprehensive income for the period | - | - | (908) | (908) |
| Employee share‑based payment charge | - | - | 35 | 35 |
| Issue of equity share capital | 1 | 42 | - | 43 |
| **At 30 June 2014 (Unaudited)** | **558** | **14,570** | **1,732** | **16,860** |
| Loss and total comprehensive income for the period | - | - | (1,694) | (1,694) |
| Employee share‑based payment charge | - | - | 5 | 5 |
| Issue of equity share capital | 1 | 4 | - | 5 |
| **At 31 December 2014** | **559** | **14,574** | **43** | **15,176** |
| Loss and total comprehensive income for the period | - | - | (2,562) | (2,562) |
| Employee share‑based payment charge | - | - | 18 | 18 |
| **At 30 June 2015 (Unaudited)** | **559** | **14,574** | **(2,501)** | **12,632** |

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

|  |  |
| --- | --- |
| **Share Capital** | Represents the nominal value of shares allotted, called up and fully paid |
| **Share Premium** | Represents the amount subscribed for share capital in excess of nominal value |
| **Retained Earnings** | Represents the cumulative net gains and losses recognised in the consolidated statement of comprehensive income |

**GameAccount Network Plc**

**For the period ended 30 June 2015**

**Consolidated statement of cash flows**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **Period ended**  **30 June 2015 £’000**  **Unaudited** | **Period ended**  **30 June 2014 £’000**  **Unaudited** | **Year ended 31 December 2014 £’000**  **Audited** |
| **Cash flow from operating activities** |  |  |  |  |
| Loss for the period before taxation |  | (2,562) | (908) | (2,602) |
| Adjustments for: |  |  |  |  |
| Amortisation of intangible assets |  | 701 | 271 | 777 |
| Depreciation of property, plant and equipment |  | 211 | 171 | 360 |
| Share based payment expense |  | 18 | 35 | 40 |
| Net finance income |  | (19) | (42) | (67) |
| Foreign exchange |  | 102 | 153 | 41 |
| **Operating cash flow before movement in working capital and taxation** |  | **(1,549)** | **(320)** | **(1,451)** |
| Decrease/(Increase) in trade and other receivables |  | 196 | (891) | (187) |
| Increase/(Decrease) in trade and other payables |  | 656 | (466) | (1,214) |
| Taxation………………………………………. |  | - | 40 | 85 |
|  |  |  |  |  |
| **Net cash flows from operations** |  | **(697)** | **(1,637)** | **(2,767)** |
|  |  |  |  |  |
| **Cash flow from investing activities** |  |  |  |  |
| Interest received |  | 19 | 42 | 67 |
| Purchase of intangible fixed assets |  | (2,029) | (1,030) | (2,892) |
| Purchases of property, plant and equipment |  | (369) | (222) | (568) |
| **Net cash used in investing activities** |  | **(2,379)** | **(1,210)** | **(3,393)** |
|  |  |  |  |  |
| **Cash flow from financing activities** |  |  |  |  |
| Net proceeds on issue of shares |  | - | 43 | 48 |
|  |  |  |  |  |
| **Net cash generated from financing activities** |  | **-** | **43** | **48** |
| **Net decrease in cash and cash equivalents** |  | **(3,076)** | **(2,804)** | **(6,112)** |
| Cash and cash equivalents at beginning of period |  | 10,776 | 16,895 | 16,895 |
| Effect of foreign exchange rate changes |  | (78) | (58) | (7) |
| **Cash and cash equivalents at end of period** |  | **7,622** | **14,033** | **10,776** |

**GameAccount Network Plc**

**For the period ended 30 June 2015**

**Notes to the financial statements**

**1. Basis of preparation and accounting policies**

The financial information in this document has been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards, International Accounting Standards and interpretations (collectively, “IFRS”) issued by the International Accounting Standards Board (IASB) as adopted by the European Union (“adopted IFRSs”).

The financial information for the period ended 30 June 2015 does not constitute the full statutory accounts for that period.  The Annual Report and Financial Statements for 2014 have been filed with the Registrar of Companies.  The Independent Auditors' Report on the Annual Report and Financial Statements for 2014 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

This interim report, which has neither been audited nor reviewed by independent auditors, was approved by the board of directors on 25 September 2015. The financial information in this interim report has been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards as adopted for use in the EU (IFRSs).  The accounting policies applied by the Group in this financial information are the same as those applied by the Group in its financial statements for the year ended 31 December 2014 and which will form the basis of the 2015 financial statements.

**Adoption of new and revised standards**

In the current period the Group has adopted all of the new and revised standards and interpretations issued by the IASB and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, as they have been adopted by the European Union, that are relevant to its operations and effective for accounting years beginning on 1 January 2015. None of the new standards adopted had a material impact on the Financial Statements of the Group.

New standards, amendments to standards and interpretations have been issued but are not effective (and in some cases had not yet been adopted by the EU) for the financial year beginning 1 January 2015. These have not been early adopted and the Directors are still considering the potential impact of IFRS15: Revenue from Contracts with customers but do not expect that the adoption of other standards will have a material impact on the Financial Statements of the Group in future years.

**2. Judgements and estimates**

The preparation of interim financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses.  Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the consolidated financial statements as at and for the year ended 31 December 2014.

The risks and uncertainties and significant estimates and judgements faced by the Group have not changed significantly since the 2014 Annual Report was published and are not expected to change significantly during the remaining six months of the financial year.

**GameAccount Network Plc**

**For the period ended 30 June 2015**

**Notes to the financial statements *(continued)***

**3. Net revenue**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Period ended 30 June  2015 £’000**  **Unaudited** | **Period ended 30 June 2014 £’000**  **Unaudited** | **Year ended 31 December 2014 £’000**  **Audited** |
| B2C | 242 | 319 | 678 |
| B2B |  |  |  |
| —Game and platform development | 660 | 2,450 | 3,946 |
| —Revenue share and other revenue | 1,990 | 1,397 | 2,904 |
| Total B2B | 2,650 | 3,847 | 6,850 |
|  | 2,892 | 4,166 | 7,528 |

**4. Segmental information**

Information reported to the Group’s Chief Executive, the strategic chief operating decision‑maker, for the purposes of resource allocation and assessment of the Group’s segmental performance is primarily focused on the origination of the revenue stream. The Group’s principal reportable segments under IFRS 8 are therefore as follows:

• Business to business (“B2B”)

• Business to consumer (“B2C”)

**Segment revenues and results**

The following is an analysis of the Group’s revenue and results by reportable segment.

|  |  |  |  |
| --- | --- | --- | --- |
| **Period ended 30 June 2015 (Unaudited)** | **B2C £’000** | **B2B £’000** | **Total £’000** |
| Net revenue | 242 | 2,650 | 2,892 |
| Distribution costs (excluding depreciation and amortisation) | (290) | (1,161) | (1,451) |
| Segment result | (48) | 1,489 | 1,441 |
| Administration expenses |  |  | (3,110) |
| Depreciation |  |  | (211) |
| Amortisation of intangible assets |  |  | (701) |
| Finance income |  |  | 19 |
| Loss before taxation |  |  | (2,562) |
| Taxation |  |  | - |
| Loss for the period after taxation |  |  | (2,562) |

**GameAccount Network Plc**

**For the period ended 30 June 2015**

**Notes to the financial statements *(continued)***

|  |  |  |  |
| --- | --- | --- | --- |
| **Period ended 30 June 2014 (Unaudited)** | **B2C £’000** | **B2B £’000** | **Total £’000** |
| Net revenue | 319 | 3,847 | 4,166 |
| Distribution costs (excluding depreciation and amortisation) | (465) | (716) | (1,181) |
| Segment result | (146) | 3,131 | 2,985 |
| Administration expenses |  |  | (3,493) |
| Depreciation |  |  | (171) |
| Amortisation of intangible assets |  |  | (271) |
| Finance income |  |  | 42 |
| Loss before taxation |  |  | (908) |
| Taxation |  |  | — |
| Loss for the period after taxation |  |  | (908) |

|  |  |  |  |
| --- | --- | --- | --- |
| **Year ended 31 December 2014 (Audited)** | **B2C £’000** | **B2B £’000** | **Total £’000** |
| Net revenue | 678 | 6,850 | 7,528 |
| Distribution costs (excluding depreciation and amortisation) | (1,051) | (1,540) | (2,591) |
| Segment result | (373) | 5,310 | 4,937 |
| Administration expenses |  |  | (6,469) |
| Depreciation |  |  | (360) |
| Amortisation of intangible assets |  |  | (777) |
| Finance income |  |  | 67 |
| Loss before taxation |  |  | (2,602) |
| Taxation |  |  | — |
| Loss for the year after taxation |  |  | (2,602) |

The accounting policies of the reportable segments follow the same policies as described in note 1. Segment result represents the gross profit earned by each segment without allocation of the share of administration costs including Directors’ salaries, finance costs and income tax expense. This is the measure reported to the Group’s Chief Executive for the purpose of resource allocation and assessment of segment performance.

Administration expenses comprise principally the employment and office costs incurred by the Group.

**Segment assets and liabilities**

Assets and liabilities are not separately analysed or reported to the Group’s Chief Executive and are not used to assist in decisions surrounding resource allocation and assessment of segment performance. As such, an analysis of segment and liabilities has not been included in this financial information. All non‑current assets are located in Europe and USA.

**GameAccount Network Plc**

**For the period ended 30 June 2015**

**Notes to the financial statements *(continued)***

**Geographical analysis of revenues**

This analysis is determined based upon the location of the legal entity of the customer.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Period ended 30 June 2015 £’000**  **Unaudited** | **Period**  **ended**  **30 June**  **2014**  **£000**  **Unaudited** | **Year ended 31 December 2014 £’000**  **Audited** |
| UK and Channel Islands | 530 | 789 | 1,622 |
| Italy | 622 | 587 | 1,150 |
| The Netherlands | 60 | - | 490 |
| USA | 1,479 | 1,537 | 2,780 |
| Australia | 201 | 1,147 | 1,162 |
| Rest of the World | - | 106 | 324 |
|  | 2,892 | 4,166 | 7,528 |

**Geographical analysis of non‑current assets**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **At 30 June 2015 £’000**  **Unaudited** | **At 30 June 2014 £’000**  **Unaudited** | **At 31 December 2014 £’000**  **Audited** |
| UK and Channel Islands | 5,094 | 2,017 | 3,583 |
| USA | 200 | 302 | 220 |
| Italy | 23 | - | 28 |
|  | 5,317 | 2,319 | 3,831 |

**5. Exceptional costs**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Period ended 30 June**  **2015 £’000**  **Unaudited** | **Period ended 30 June**  **2014 £’000**  **Unaudited** | **Year ended 31 December 2014 £’000**  **Audited** |
| Compensation for loss of office, redundancy and compromise costs, together with associated legal expenses | 175 | 29 | 67 |
|  | 175 | 29 | 67 |

**GameAccount Network Plc**

**For the period ended 30 June 2015**

**Notes to the financial statements *(continued)***

**6. Trade and other receivables**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **At 30 June 2015 £’000**  **Unaudited** | **At**  **30 June 2014 £’000**  **Unaudited** | **At 31 December 2014 £’000**  **Audited** |
| Trade receivables | 1,122 | 1,942 | 1,501 |
| Other receivables | 660 | 264 | 700 |
| Prepayments and accrued income | 807 | 1,232 | 622 |
| Corporation tax receivable | - | 46 | - |
|  | 2,589 | 3,484 | 2,823 |

Other receivables include amounts due from payment service providers and VAT recoverable

**7. Trade and other payables**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **At 30 June**  **2015 £’000**  **Unaudited** | **At 30 June**  **2014 £’000**  **Unaudited** | **At 31 December 2014 £’000**  **Audited** |
| Amounts falling due within one year |  |  |  |
| Trade payables | 2,172 | 1,200 | 1,295 |
| Other taxation and social security | 171 | 151 | 188 |
| Other payables | 276 | 539 | 369 |
| Accruals and deferred income | 787 | 1,596 | 912 |
|  | 3,406 | 3,486 | 2,764 |

**8. Share capital**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **At 30 June 2015 £’000**  **Unaudited** | **At 30 June 2014 £’000**  **Unaudited** | **At 31 December 2014 £’000**  **Audited** |
| Ordinary shares | 559 | 558 | 559 |
|  |  |  |  |
|  | 559 | 558 | 559 |

***Issue of shares***

No shares were issued during the period ended 30 June 2015 (2014: 216,480).

**GameAccount Network Plc**

**For the period ended 30 June 2015**

**Notes to the financial statements *(continued)***

**9. Earnings per share**

Basic earnings per share is calculated by dividing the profit/(loss) attributable to equity shareholders of the company by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has share options and a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price for the period) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Period ended 30 June 2015 Pence**  **Unaudited** | **Period ended 30 June 2014 Pence**  **Unaudited** | **Year ended 31 December 2014 Pence**  **Audited** |
| Basic | (4.58) | (1.63) | (4.66) |
| Diluted | (4.58) | (1.63) | (4.66) |

|  |  |  |  |
| --- | --- | --- | --- |
| **Earnings** | **Period ended 30 June 2015 £’000**  **Unaudited** | **Period ended 30 June 2014 £’000**  **Unaudited** | **Year ended 31 December 2014 £’000**  **Audited** |
| (Loss) for the period | (2,562) | (908) | (2,602) |

|  |  |  |  |
| --- | --- | --- | --- |
| **Denominator** | **Period ended 30 June 2015 Number**  **Unaudited** | **Period ended 30 June 2014 Number**  **Unaudited** | **Year ended 31 December 2014 Number**  **Audited** |
| Weighted average number of equity shares (basic) | 55,882,536 | 55,845,396 | 55,864,119 |
| Weighted average number of equity shares for diluted EPS | 55,882,536 | 55,845,396 | 55,864,119 |