GAN plc

2016 Half Year Results

LSE: GAN **ISE: GAME**

London & Dublin | 30 September, 2016: GAN 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 2016.

Operational Overview and Current Developments

- Signed four (4) further Simulated Gaming™ clients in the US in the period: Rock Gaming LLC (subsequently rebranded as JACK Entertainment LLC) covering Ohio and surrounding Midwestern US states; the Chickasaw Nation which owns and operates 20 regional casino properties principally serving the Oklahoma and Texas gaming markets; Oneida Nation tribal casino operator of TurningStone Resort Casino in central New York State together with an undisclosed major casino serving the Northeast US regional gaming market

- In excess of three million US active player days of both real money Regulated Gaming and Simulated Gaming™ representing an increase of 177% year on year growth compared to H1 2015

- Launched first B2B Virtual Reality ("VR") Casino Application for Empire City Casino extending Simulated Gaming from web and mobile into the PC VR market

- Company legally renamed as GAN plc (formerly GameAccount Network plc) completing extensive corporate rebranding exercise which started with the launch of GAN.com in September 2015

- Won two prestigious Internet gaming industry awards in the US – eGaming Review North America's 'Casino Platform Supplier of the Year' for real money Regulated Gaming and 'Freeplay Gaming Supplier of the Year' for Simulated Gaming™

- Continued investment in US and UK infrastructure: Game Content, Technical, Licensing, People & Patents

- Post-period end, launched LadyLuck® Simulated Gaming™ for Lady Luck Interactive LLC, a subsidiary of Isle of Capri Casinos, Inc. (NADAQ: ISLE) in the US bringing total portfolio of live casino operator clients to 7 (2015: 4)

- Post-period end, signed Station Casinos, LLC as a client of Simulated Gaming™ bringing the total portfolio of signed US casino operator clients to 13 (2015: 4)

- Post-period end, signed a conditional agreement for the launch of a new US casino operator brand in New Jersey for real money Regulated Gaming, expected to launch in Q1 2017 subject to certain contractual conditions and regulatory approvals

- Post-period end, executed binding agreement to launch an overseas Internet casino for an existing undisclosed US casino operator client of Simulated Gaming™, expected to result in the disposal of existing MoneyGaming.com B2C business activity to be merged with the client's new Internet casino launching H1 2017 subject to customary regulatory and commercial consents

Financial Overview

- Gross income increased by 21% to £15.9m (H1 2015: £13.1m)
- Net revenue of £3.9m (H1 2015: £2.9m), an increase of 35%, of which 64% originated from the United States
- Net revenue attributable to Simulated Gaming™ increased by 75% to £1.4m (H1 2015: £0.8m)
- Net revenue attributable to real money Regulated Gaming increased by 21% to £2.5m (H1 2015: £2.1m)
- Clean Ebitda[1] loss narrowed to £0.5m (H1 2015: loss of £1.5m)
- Loss before tax of £2.3m (H1 2015: Loss before tax of £2.6m) and loss per share of £0.04 (H1 2015: loss per share £0.05)
- Cash and cash equivalents at 30 June 2016 of £4.0m
- Net Assets at 30 June 2016 of £10.5m
- Successfully completed share placings raising gross proceeds of £2.6m in Q2 2016 and a further £1.8m in Q3 2016, positioning the Group for further growth

Dermot Smurfit, CEO of GAN commented:

"The first half of 2016 has necessarily continued the period of investment for GAN in acquiring US market share for both Simulated Gaming™ and real money Regulated Gaming, and continuous improvements in the product offering. The performance is in line with management expectations.

We have continued to focus on building a substantial recurring revenue base to offset this investment and achieve future profitability. In particular, Simulated Gaming™ revenues have grown substantially year on year driven by new client launches and phasing in of marketing investment by existing clients of Simulated Gaming™. In addition, we have seen encouraging growth in sustainable market revenues in both New Jersey and Italy. The rapid growth in Simulated Gaming™ 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 remain encouraged by the growth characteristics of Simulated Gaming™ 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. New Jersey out-performed growth expectations due to underlying improvements in the New Jersey market's payment processing infrastructure. This growth is expected to continue for the rest of the year.

As the numbers illustrate our investment in the business continues. Our financial results continue to be impacted by factors outside of our control including delays in further intra-State regulation of real money Internet gaming together with continued delays in securing additional system sales on commercially attractive terms. Growth prospects for Simulated Gaming™ and real money Regulated Gaming in New Jersey continue to offer the Company a viable path to sustained profitability and significant incremental shareholder value."

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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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 / 00:00 PST).

Please use the following dial in numbers:

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The Half Year Results Press Release and Presentation is available to download from the website, www.GAN.com

GAN plc

FINANCIAL REVIEW

Summary

Gross income of £15.9m for the six months ended 30 June 2016 represents an increase of £2.8m compared to the period ended 30 June 2015. Net revenue for the six months ended 30 June 2016 was £3.9m compared to £2.9m for the six months ended 30 June 2015. Clean EBITDA loss of £0.5m was £1.0m less than prior year period clean EBITDA loss of £1.5m. Loss before and after taxation of £2.3m for the current period compared to a loss before and after taxation of £2.6m in the comparative period.

The Group continues to focus on building a substantial recurring revenue base while maintaining tight control over the underlying cost base of the business. Revenues from both Simulated Gaming™ in the US market and real money Regulated Gaming in the sustainable markets of Italy and New Jersey have shown material growth. In addition, platform development revenues have increased significantly, principally due to new customer development fees in advance of commercial launch. The Group continues to invest heavily in the underlying Internet Gaming System and product offering to meet the ongoing market demand and to ensure that it continues to be in position to capitalise on the immediate Simulated Gaming™ opportunity in the US market.

On 7th April 2016, the Group successfully completed a share placing issuing 9,331,888 new shares at 28p per share which raised gross proceeds of £2.6m. On 13th July 2016 the Group placed an additional 1,500,000 new shares at 30p per share which raised gross proceeds of £0.5m and on 24th August 2016 the Group placed a further 3,250,000 new shares at 40p per share which generated gross proceeds of £1.3m.

Cash and cash equivalents at the end of the period was £4.0m compared to £7.6m at 30 June 2015 and £3.8m for the year ended 31 December 2015. Net Assets at 30 June 2016 of £10.5m compared to £12.6m at 30 June 2015 and £10.2m for the year ended 31 December 2015.

Revenue

Gross income of £15.9m is £2.8m higher than recorded in the six months ended 30 June 2015 representing an increase of 21% in 2016. Net revenue for the period of £3.9m is £1.0m higher than the comparative six month period with increases in both B2B revenue streams. B2B net revenue of £3.7m is £1.0m, 37% higher than the comparative period while B2C net revenue of £0.2m is consistent with the prior year period.

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 sustainable real money gaming markets of Italy in Europe and New Jersey in the US and by Simulated Gaming™ markets in the US and Australia. B2B recurring revenues have increased by 34% from £2.0m in the prior year comparative period to £2.7m for the six months ended June 30 2016 and account for 68% of overall Group net revenue. This growth has been due to increases in both Simulated Gaming™ and real money gaming revenues from Italian and US markets. Game and platform development revenue has also increased to £1.0m compared to £0.7m in the first half of 2015 as a result of increased new customer development fees.

Expenses

Distribution costs include royalties payable to third parties, B2B and B2C direct marketing expenditure, the direct costs of operating the hardware platforms deployed across the business, and depreciation and amortisation, which in total have increased from £2.4m in the prior year comparative period to £3.4m for the six months ended 30 June 2016. The increase is due primarily to increased amortisation of intangible assets of £1.4m (2015: £0.7m) as a result of our substantial investment in product and system development and increased royalties payable to providers of third party games content in Italy for real money gaming and in the US as a result of significantly increased Simulated Gaming™ revenues. Expenditure on B2B marketing has reduced as the Group has benefited from the prior period investment increasing awareness of GAN and the Simulated Gaming™ product in the US market.

Administration expenses include the costs of personnel and related expenditure for both the London and Nevada offices. Total administrative expenses have decreased from £3.1m in the prior year comparative period to £2.8m for the six months ended 30 June 2016, primarily due to the favourable impact of foreign exchange movements.

FINANCIAL REVIEW (*Continued*)

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 2016 of £0.5m is £1.0m better than the comparative figure (2015 loss of £1.5m), primarily due to increased B2B net revenue of £1.0m.

Cashflow

The cash balance at 30 June 2016 was £4.0m (2015: £7.6m) representing a decrease of £3.6m from 30 June 2015. During the six month period, the Group has continued to invest in its Internet Gaming System deployment capability and product enhancement however cash has increased by £0.2m from the year-end balance at 31 December 2015 (£3.8m) as a result of the placing in April 2016 which generated £2.6m in gross proceeds.

In addition to operating cash outflow before movements in working capital and taxation of £0.6m, cash outflows during the period include £2.0m in incremental investment in intangible fixed assets primarily related to the capitalisation of internal development time offset by cash generated from financing activities of £2.6m (following the share placement in the second quarter of the year) and positive working capital movements of £0.1m.

Outlook

B2B revenue share and other revenue is expected to show continued growth for the second half of the year. Revenues from the six Simulated Gaming™ customers at 30 June 2016 are expected to benefit from the seasonally strong autumn period. In addition, new operator launches are expected to drive further revenue growth but the full benefit of these revenues will not be seen until 2017. Isle of Capri launched on 25 July 2016 and the Group expects three additional operators to launch in Q4 of 2016. Agreements are in place with a further three casino operators who are expected to launch in Q1 2017. This will bring the total number of Simulated Gaming™ clients live or expected to launch to thirteen. The Group expects real money gaming revenues in Italy to continue to increase in line with a full half year contribution from a new operator launched in May 2016 and for real money gaming revenues in the US to continue in line with expected market growth.

B2B game and platform development revenues are expected to be in line with the first half of the year and will benefit from development work related to both the planned Simulated Gaming™ launches and the expected launch of new real money Regulated Gaming brands in the US market in Q1 2017 conditional on commercial, contractual and regulatory consents.

The sale of Internet gaming systems remains a focus of our overall business strategy and although discussions with interested parties continue the Group does not expect the completion of a sale in the second half of 2016.

The growth opportunity in Simulated Gaming™ 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. In order to meet this expected demand the Group has opened a new technical development office in Bulgaria. The introduction of an additional technical resource in a lower cost market will enable the Group to continue to enhance its delivery capability without materially increasing the underlying cost structure.

The Group has raised gross proceeds year to date of £4.4m in order to continue the expansion of both real money Regulated Gaming and Simulated Gaming™ opportunities in the US and in order to accelerate existing clients' product development. The Group's enlarged issued share capital consists of 70,051,924 Ordinary Shares.

GAN plc

FINANCIAL REVIEW (*Continued*)

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 2016 £000	H1 2015 £000
Gross income from gaming operations and services	15,942	13,116
Net revenue	3,912	2,892
Clean EBITDA	(548)	(1,476)
Net assets	10,526	12,632
Cash and cash equivalents	3,966	7,622

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

GAN plc (formerly GameAccount Network plc)

For the period ended 30 June 2016

Consolidated statement of comprehensive income

	Notes	Six months ended 30 June 2016 £000 Unaudited	Six months ended 30 June 2015 £'000 Unaudited	Year ended 31 December 2015 £'000 Audited
Continuing Operations				
Gross income from gaming operations and services		15,942	13,116	25,837
Net revenues	3	**3,912**	**2,892**	**6,011**
Distribution costs		(3,424)	(2,363)	(5,384)
Administrative expenses		(2,814)	(3,110)	(6,250)
Total operating costs		(6,238)	(5,473)	(11,634)
Clean EBITDA		**(548)**	**(1,476)**	**(3,018)**
Depreciation		(217)	(211)	(438)
Amortisation of intangible assets		(1,426)	(701)	(1,801)
Exceptional costs	5	(85)	(175)	(355)
Employee share-based payment charge		(50)	(18)	(11)
Operating (loss)		(2,326)	(2,581)	(5,623)
Finance income		10	19	19
(Loss) before taxation		(2,316)	(2,562)	(5,604)
Tax credit		-	-	582
Loss for the period attributable to owners of the Group and total comprehensive income for the period		(2,316)	(2,562)	(5,022)
Basic earnings per share attributable to owners of the parent during the period				
Basic and Diluted (pence)	9	(3.84)	(4.58)	(8.99)

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.

GAN plc (formerly GameAccount Network plc)

For the period ended 30 June 2016

Consolidated statement of financial position

	Notes	At 30 June 2016 £'000 Unaudited	At 30 June 2015 £'000 Unaudited	At 31 December 2015 £'000 Audited
Non-current assets				
Intangible assets		6,047	4,354	5,570
Property, plant and equipment		608	963	884
Lease deposits	6	170	-	170
Deferred tax asset		510	510	510
		7,335	5,827	7,134
Current assets				
Inventory		77	-	-
Trade and other receivables	6	2,882	2,589	2,851
Cash and cash equivalents		3,966	7,622	3,779
		6,925	10,211	6,630
Total assets		**14,260**	**16,038**	**13,765**
Current liabilities				
Trade and other payables	7	3,418	3,406	3,231
Total liabilities		3,418	3,406	3,231
Non-current liabilities				
Other payables	7	316	-	350
Total non-current liabilities		316	-	350
Equity attributable to equity holders of parent				
Share capital	8	653	559	560
Share premium account		17,135	14,574	14,592
Retained earnings		(7,262)	(2,501)	(4,968)
		10,526	12,632	10,184
Total equity and liabilities		**14,260**	**16,038**	**13,765**

GAN plc (formerly GameAccount Network plc)

For the period ended 30 June 2016

Consolidated statement of changes in equity

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
At 1 January 2015	**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**
Loss and total comprehensive income for the period	-	-	(2,460)	(2,460)
Employee share-based payment credit	-	-	(7)	(7)
Issue of equity share capital	1	18	-	19
At 31 December 2015	**560**	**14,592**	**(4,968)**	**10,184**
Loss and total comprehensive income for the period	-	-	(2,316)	(2,316)
Employee share-based payment charge	-	-	50	50
Issue of equity share capital	93	2,543	-	2,636
Costs associated with issue of share capital	-	(28)	-	(28)
At 30 June 2016 (Unaudited)	**653**	**17,135**	**(7,262)**	**10,526**

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

GAN plc (formerly GameAccount Network plc)

For the period ended 30 June 2016

Consolidated statement of cash flows

	Period ended 30 June 2016 £'000 Unaudited	Period ended 30 June 2015 £'000 Unaudited	Year ended 31 December 2015 £'000 Audited
Cash flow from operating activities			
Loss for the period before taxation....................	(2,316)	(2,562)	(5,604)
Adjustments for:			
Amortisation of intangible assets	1,426	701	1,801
Depreciation of property, plant and equipment	217	211	438
Share based payment expense	50	18	11
Net finance income...	(10)	(19)	(19)
Foreign exchange	(281)	102	23
Operating cash flow before movement in working capital and taxation	**(914)**	**(1,549)**	**(3,350)**
(Increase)/ Decrease in trade and other receivables	(548)	196	(398)
Increase in trade and other payables..................	113	656	657
Taxation………………………………………	582	-	-
Net cash flows from operations	**(767)**	**(697)**	**(2,295)**
Cash flow from investing activities			
Interest received	10	19	19
Purchase of intangible fixed assets....................	(1,905)	(2,029)	(4,175)
Purchases of property, plant and equipment......	(18)	(369)	(517)
Net cash used in investing activities	**(1,913)**	**(2,379)**	**(4,673)**
Cash flow from financing activities			
Net proceeds on issue of shares.........................	2,608	-	19
Net cash generated from financing activities	**2,608**	**-**	**19**
Net decrease in cash and cash equivalents	**(72)**	**(3,076)**	**(6,949)**
Cash and cash equivalents at beginning of period	3,779	10,776	10,776
Effect of foreign exchange rate changes............	259	(78)	(48)
Cash and cash equivalents at end of period	**3,966**	**7,622**	**3,779**

GAN plc (formerly GameAccount Network plc)

For the period ended 30 June 2016

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 contained in this report for the period ended 31 December 2015 does not constitute the full statutory accounts for that period. The Annual Report and Financial Statements for 2015 have been filed with the Registrar of Companies. The Independent Auditors' Report on the Annual Report and Financial Statements for 2015 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 30 September 2016. 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 2015 and which will form the basis of the 2016 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 2016. 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 2016. These have not been early adopted and the Directors are still considering the potential impact of IFRS15: Revenue from Contracts with customers and IFRS 16: Leases 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 2015.

The risks and uncertainties and significant estimates and judgements faced by the Group have not changed significantly since the 2015 Annual Report was published and are not expected to change significantly during the remaining six months of the financial year.

GAN plc (formerly GameAccount Network plc)

For the period ended 30 June 2016

Notes to the financial statements *(continued)*

3. Net revenue

	Period ended 30 June 2016 £'000 Unaudited	Period ended 30 June 2015 £'000 Unaudited	Year ended 31 December 2015 £'000 Audited
B2C	201	242	592
B2B			
—Game and platform development	1,036	660	1,241
—Revenue share and other revenue	2,675	1,990	4,178
Total B2B	3,711	2,650	5,419
	3,912	2,892	6,011

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 2016 (Unaudited)	B2C £'000	B2B £'000	Total £'000
Net revenue	201	3,711	3,912
Distribution costs (excluding depreciation and amortisation)	(145)	(1,636)	(1,781)
Segment result	56	2,075	2,131
Administration expenses			(2,814)
Depreciation			(217)
Amortisation of intangible assets			(1,426)
Finance income			10
Loss before taxation			(2,316)
Taxation			-
Loss for the period after taxation			(2,316)

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)

Year ended 31 December 2015 (Audited)	B2C £'000	B2B £'000	Total £'000
Net revenue	592	5,419	6,011
Distribution costs (excluding depreciation and amortisation)	(461)	(2,684)	(3,145)
Segment result	131	2,735	2,866
Administration expenses			(6,250)
Depreciation			(444)
Amortisation of intangible assets			(1,795)
Finance income			19
Loss before taxation			(5,604)
Taxation			582
Loss for the year after taxation			(5,022)

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.

Geographical analysis of revenues

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

	Period ended 30 June 2016 £'000 Unaudited	Period ended 30 June 2015 £000 Unaudited	Year ended 31 December 2015 £'000 Audited
UK and Channel Islands	280	530	1,080
Italy	965	622	1,340
The Netherlands	-	60	60
USA	2,491	1,479	2,991
Australia	176	201	420
Rest of the World	-	-	120
	3,912	2,892	6,011

Geographical analysis of non-current assets

	At 30 June 2016 £'000 Unaudited	At 30 June 2015 £'000 Unaudited	At 31 December 2015 £'000 Audited
UK and Channel Islands	6,517	5,094	6,308
USA	372	200	298
Italy	13	23	18
	6,902	5,317	6,624

5. Exceptional costs

	Period ended 30 June 2016 £'000 Unaudited	Period ended 30 June 2015 £'000 Unaudited	Year ended 31 December 2015 £'000 Audited
Compensation for loss of office, redundancy and compromise costs, together with associated legal expenses	11	175	213
Key management relocation costs	2	-	131
Indirect costs associated with issue of equity share capital	72	-	-
Other exceptional costs	-	-	11
	85	175	355

GAN plc (formerly GameAccount Network plc)

For the period ended 30 June 2016

Notes to the financial statements *(continued)*

6. Trade and other receivables

	At 30 June 2016 £'000 Unaudited	At 30 June 2015 £'000 Unaudited	At 31 December 2015 £'000 Audited
Trade receivables	1,617	1, 122	1,318
Other receivables	290	660	246
Prepayments and accrued income	974	807	705
Corporation tax receivable	-	-	582
	2,882	2,589	2,851

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

Non-current assets

	At 30 June 2016 £'000 Unaudited	At 30 June 2015 £'000 Unaudited	At 31 December 2015 £'000 Audited
Lease deposits	170	-	170
	170	-	170

Other non-current assets relate to the deposits provided in respect of leased office space. The amount is repayable in accordance with the terms of the agreement.

7. Trade and other payables

	At 30 June 2016 £'000 Unaudited	At 30 June 2015 £'000 Unaudited	At 31 December 2015 £'000 Audited
Amounts falling due within one year			
Trade payables	1,999	2,172	1,880
Other taxation and social security	157	171	157
Other payables	222	276	238
Accruals and deferred income	1,040	787	956
	3,418	3,406	3,231

7. Trade and other payables (*continued*)

Non-current liabilities

	At 30 June 2016 £'000 Unaudited	At 30 June 2015 £'000 Unaudited	At 31 December 2015 £'000 Audited
Accruals	197	-	231
Deferred consideration	119	-	119
	316	-	350

8. Share capital

	At 30 June 2016 £'000 Unaudited	At 30 June 2015 £'000 Unaudited	At 31 December 2015 £'000 Audited
Ordinary shares	653	559	560
	653	559	560

Issue of shares

(i) 9,331,888 ordinary shares of 1p each were issued at a premium of 27p on 7 April 2016 via a share placing for cash consideration of £2,612,929.

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 2016 Pence Unaudited	Period ended 30 June 2015 Pence Unaudited	Year ended 31 December 2015 Pence Audited
Basic	(3.84)	(4.58)	(8.99)
Diluted	(3.84)	(4.58)	(8.99)

Earnings	Period ended 30 June 2016 £'000 Unaudited	Period ended 30 June 2015 £'000 Unaudited	Year ended 31 December 2015 £'000 Audited
(Loss) for the period	(2,316)	(2,562)	(5,022)

Denominator	Period ended 30 June 2016 Number Unaudited	Period ended 30 June 2015 Number Unaudited	Year ended 31 December 2015 Number Audited
Weighted average number of equity shares (basic)	60,282,436	55,882,536	55,886,105
Weighted average number of equity shares for diluted EPS	60,282,436	55,882,536	55,886,105

10. Related party transactions

The Company was invoiced the amount £77,847 (2015: £Nil) by Seamus McGill who is a Non-executive director, for consultancy services during the period.

11. Subsequent events

On 13th July 2016, the Company successfully raised £450,000 through a non-preemptive placing total of 1,500,000 new ordinary shares of £0.01 each per share at an issue price of 30p per Ordinary Share to David Capital Partners, LLC and certain of its associates.

On 24th August 2016, the Company successfully raised an additional £1,300,000 through a non-preemptive placing total of 3,250,000 new shares of £0.01 each per share at an issue price of 40p per Ordinary Share to IIU Nominees Limited.

GAN plc enlarged issued share capital will consist of 70,051,924 Ordinary Shares.