GameAccount Network plc

2015 Annual Results

LSE: GAN ISE: GAME

London & Dublin | 28 April, 2016: GameAccount Network plc ("GameAccount Network" or the "Group"), a leading developer and supplier of enterprise-level B2B gaming software and online gaming content, announces results for the twelve months ended 31 December 2015.

Financial Overview

- Net Revenue of £6.0m (2014: £7.5m)
- Underlying Net Revenue decreased 8% to £6.0m (2014: £6.5m) excluding system sales of £1.0m in 2014
- Clean Ebitda[1] loss of £3.0m (2014: £1.4m)
- Loss before tax of £5.6m (2014: £2.6m) and loss per share of £0.09 (2014: £0.05)
- Cash and cash equivalents at the end of the year of £3.8m (2014: £10.8m)
- Net Assets at the end of the year of £10.2m (2014: £15.2m)
- Raised Gross Proceeds of £2.6m in 2016 positioning the Group for further growth

Strategic & Operating Developments

- Launched Simulated Gaming™ in the US for 4 new US casino clients (2014: 2)
- Launched Simulated Gaming™ in Australia with a consortium of land-based gaming clubs
- Signed 5 new US casino clients for Simulated Gaming™ (2014: 2)
- Simulated Gaming™ clients together generate in excess of 10% of the land-based US casino Industry's annual gaming revenues[2]
- Post period end signed three (3) further Simulated Gaming™ clients in the US, bringing total to 11 US casino operator clients representing 48 casino properties coast to coast
- Continued delivery of Internet gaming platform for Betfair in New Jersey
- Continued investment in US infrastructure: Licensing, offices and People

Dermot Smurfit, CEO of GameAccount Network commented:

"2015 has continued the period of investment for GAN, and, performance to date in 2016 is in line with our expectations.

Following a transformational year in 2013, GAN has continued to position its business to capture growth in emerging online gaming markets in the US. 2015 saw significant progress with Simulated Gaming™, together with a number of significant commercial and strategic developments.

Real-money Internet gaming in New Jersey and the pace of regulation in the US market has remained slower than expected but we are confident in the long-term prospects for real-money gaming. For 2016 we believe that the opportunity for GAN with Simulated Gaming™ will substantially compensate for the delays in regulating real-money Internet gaming in the US.

The State of Pennsylvania appears to be in the process of regulating Internet gaming with a number of legislative bills actively considered in 2015. GAN has been selected as the exclusive platform for both Simulated Gaming™ and regulated real-money Internet gaming by Parx Casino, the leading casino operator in Pennsylvania, and is positioned for substantial growth in regulated real-money gaming should suitable legislation be enacted in 2016.

Throughout 2015 Simulated Gaming™ proved its ability to support the core on-property gaming business of US casino clients, lending impetus to new client signings as GAN's increasing body of evidence provided compelling rebuttal against US casino operators' natural concerns relating to cannibalisation of existing land-based business. Combined with GAN's US patented ability to integrate with land-based loyalty programs, Simulated Gaming™ works to reactivate long-term lapsed patrons on-property, increase on-property visitation by existing patrons and generate incremental income online for GAN and the casino client to participate in.

Simulated Gaming™ continues to represents a US market opportunity estimated at $250m[3] in 2015 which is immediately addressable and not contingent on the pace of regulation nor contingent on US casino client's investing in digital user acquisition.

In 2015 the majority of GAN's US casino clients commenced digital user acquisition launching strategies to bring both existing and new clients online, principally in the latter months of the year. As this happens, GAN's US casino clients rely heavily on our team of marketing specialists. Marketing Services provided to US casino clients represents a significant opportunity for GAN not only to increase professional service fees but also to support casino clients in scaling their Simulated Gaming™ business online in the regions where their land-based gaming brands are recognised. Supported by GAN's Marketing Services Team, GAN's US casino operator clients have the opportunity to significantly increase user acquisition in order to address the broader $2bn US Social Casino market.

We contracted with Maryland Live! Casino in Maryland during the first half of 2015, which contributed to revenues in the second half of the year. In the second half of 2015 we contracted with San Manuel casino in California and American Casino Entertainment Properties (ACEP) both of which contributed to revenues in the same half-year period. In December 2015 we contracted with a further two US casinos including The Borgata and Isle of Capri which we anticipate will begin to contribute to revenues in the first half of 2016. Performance metrics for Simulated Gaming ™ remain significantly ahead of initial expectations and the prospects for this business are exciting.

Our investment in the business continues and we have grown our team and expanded our technical expertise, US infrastructure and gaming content portfolio throughout 2015. Consistent with earlier statements, the iBridge Framework™ US patent awarded to GAN in September 2014 has served to provide material benefit to the Simulated Gaming™ business as we grew in the US market in 2015.

In 2015 we actively engaged with multiple potential system buyers and we remain confident in our ability to continue to deliver on sales of our gaming system to casino equipment manufacturers and/or casino operators although the timing of such sales remains uncertain in light of continuing delays to the regulation of online real money intra-State US Regulated Gaming.

We remain confident in our prospects for 2016 and beyond. For 2016, we anticipate significantly increased market share in New Jersey's Regulated Gaming market with The Borgata (subject to certain contractual conditions being met). In Simulated Gaming™ we forecast material growth from the launches of The Borgata, Isle of Capri, Jack Entertainment and two undisclosed but material casino clients located in the Northeast and Southwest regions of the US. We also recently completed an additional capital raise with gross proceeds of £2.6m which will enable continued expansion of real-money Regulated Gaming and Simulated Gaming™ opportunities in the US."

Finally, to consolidate our recent rebranding from GameAccount Network to GAN we are pleased to announce, that effective immediately, our AIM stock ticker will change from GAME to GAN."

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
2. RubinBrown Gaming Stats research report covering 2014 US market
3. Internally commissioned research report

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 GameAccount Network 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.

Results Conference Call

The GameAccount Network management team will host a conference call for analysts & institutional investors at 14.00 BST (09.00 EDT) on April 28th and those wishing to dial in should contact FTI Consulting on the details below:

For further information please contact:

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GameAccount Network Plc

Chairman's Report

Dear Fellow Shareholders

During the course of 2015 the Group expanded its market share in the United States, our key geographic market, by securing additional US land-based casinos as clients of either virtual currency-based Simulated Gaming™ or traditional real money Regulated Gaming conducted on an intra-State basis. In September 2015 the Group rebranded from GameAccount Network to GAN and launched www.GAN.com as our primary business to business sales, marketing and investor relations portal. On 7th April 2016 the Group announced that it had successfully raised gross proceeds of £2.6m in new capital to continue expansion of real-money Regulated Gaming and Simulated Gaming™ opportunities in the US and for working capital and general business development purposes.

As has been widely reported, regulated real money Internet gaming in New Jersey has been slow to attract consumers for a variety of reasons. Despite challenges, the Group has executed well and delivered operationally for Betfair Group plc in New Jersey, earning a well-deserved reputation in the United States for technical competence reflecting the reputation already hard earned in Europe's toughest regulated Internet gaming markets. This reputation has translated into additional business secured in December 2015 for GAN in New Jersey with the market-leading land-based New Jersey operator The Borgata Casino nominating GAN as their future platform for regulated real money Internet gaming in 2016, subject to certain contractual conditions being met.

Your Board of Directors believes there is a significant opportunity for Simulated Gaming™ in the United States. It has outperformed initial expectations and, in the absence of further State-by-State real-money gaming regulation, Simulated Gaming™ has become the centrepiece of the Group's growth strategy. We signed five major land-based US casinos as new clients in 2015 with four US casino clients commercially launched in the same period. Outside the United States, the Group also commercially launched a consortium of six land-based gaming clubs in Queensland, Australia as clients of Simulated Gaming™ in a new geographic region for the Group which we believe will prove lucrative over time. We are excited about the prospects for Simulated Gaming™ and the performance we have achieved since its initial launch together with the increasingly compelling business case that Simulated Gaming™, suitably integrated with land-based casino operator's loyalty program, greatly supports our client's core business of on-property real money gaming. We are also confident in the long-term potential for real money Regulated Gaming, however, we believe intra-State regulation in the US market will continue to be slower than was originally anticipated.

Our consistent progress in 2015 with our core products of Simulated Gaming ™ and regulated gaming in sustainable markets in what was a year of continued investment for GAN as we developed both our real money Regulated Gaming and Simulated Gaming™ offering, would not have been possible without the dedicated and talented staff employed by the Group in both London and throughout the United States. I thank them for their continued efforts and believe the Group has become established as a major Internet gaming technology, infrastructure and services provider to land-based casinos in the United States, consistent with the strategy set out during the Group's Initial Public Offering completed in November 2013.

After two years building our market position we are satisfied the Group is now recognised as a leading provider of enterprise-level online solutions to the land-based gaming industry in the United States and believe significant shareholder value will develop going forwards as New Jersey's Regulated Gaming market continues to grow and Simulated Gaming™ continues to be adopted by a portfolio of larger US casino operator clients of which some may be capable of investing in significant user acquisition marketing.

David O'Reilly
Chairman, GameAccount Network Plc

GameAccount Network Plc

Chief Executive Officer's report

Overview

GAN has now successfully emerged as a leading provider of enterprise-level Internet gaming technology solutions to major US casino operators securing significant US market share. 2015 was our second year of continued and necessary substantial investment opening the Group to major commercial opportunities including The Borgata for real money regulated gaming in New Jersey and Isle of Capri for Simulated Gaming™, both expected to deliver significant shareholder value in 2016 and beyond.

This substantial continued investment has been made in the US operational structure to develop the Group's US presence in both real money regulated gaming and Simulated Gaming™ markets. In the UK further substantial investment has been made in the Group's software technology and its capability to deliver both Simulated Gaming™ and real money regulated gaming to US casino operators, integrated with the US casino operators' existing land-based loyalty program.

Intra-State regulation of real money Internet gaming remained largely on hold in the US, although legislative action did occur in Pennsylvania in the late stages of 2015, which suggests Internet gaming legislation may progress further in that State during the course of 2016. In the meantime, Simulated Gaming™ continued to materially outperform initial expectations and is positioned for significant profitable growth in 2016 and beyond as selected US casino operator clients commenced the application of marketing capital in late 2015 in order to scale digital user acquisition with certain clients relying upon GAN's marketing services team and their specialist digital marketing services.

During the year the Group launched Simulated Gaming™ for four major US casinos located in Pennsylvania, California, Maryland and Nevada, and signed additional landmark deals with The Borgata Casino in New Jersey and multi-State US casino operator Isle of Capri based in Illinois for delivery in 2016. Simulated Gaming™ has also been launched in Australia and other International opportunities are being developed although the Group's strategic focus remained firmly on the US market throughout 2015 emphasised by my relocation to the US in order to better support the Group's activity in its key geographic market.

In New Jersey, the Group delivered strongly for Betfair's regulated Internet casino gaming website delivering over one hundred incremental games across desktop and mobile devices and establishing BetfairCasino.com as a significant Internet casino operator in New Jersey's regulated Internet gaming market. I would like to take this opportunity to thank staff at GAN, the regulators at the New Jersey Division of Gaming Enforcement, the management of Betfair's New Jersey operations and the operational management of Golden Nugget Atlantic City for all their support during 2015.

GAN's enterprise-level technology platform for Internet gaming is a truly scarce asset, managed by an equally-scarce team of experienced specialists managing one of a handful of fast-growing real money Regulated Gaming businesses in New Jersey. Real money Regulated Gaming in New Jersey has proved materially different in both general practice and specific technical requirements when compared with European markets. Subject to certain contractual conditions being met, GAN's two New Jersey clients will together represent over 40% of Internet gaming revenues in New Jersey. This positions GAN to capture significant market share in any incremental US intra-State markets which may regulate Internet gaming over time, including Pennsylvania, New York and Michigan

During the year, the Group achieved strong financial growth in net revenue derived from the United States and the regulated Italian market driven primarily by Simulated Gaming™ nationwide across the US and from regulated real money Internet gaming in New Jersey and Italy. Notwithstanding growth in our core product verticals of Simulated Gaming™ and the sustainable regulated gaming markets of New Jersey in the US and Italy overall net revenue declined by 20% to £6.0m (2014: £7.5m) due primarily to the decline in game development fees and continuing delays in securing a system sale in 2015.

Strategy

Expansion in the United States remains a continuing strategic priority for the Group with requisite increases in US infrastructure centred on Las Vegas comprising human resource and licensing investment in relevant US States including New Jersey and Pennsylvania.

With the significant slowdown in regulation of real money intra-State Regulated Gaming the Group has increased its focus on delivering Simulated Gaming™ to land-based US casinos in advance of further regulation. The successful launch of Simulated Gaming™ in 2014 and net revenue growth in 2015 support the Group's internal focus on delivering Simulated Gaming™ to as many major US casino properties as possible during the now extended period prior to regulation of real money Regulated Gaming. Furthermore, the Group has received comprehensive evidence from collaborating clients that GAN's unique Simulated Gaming™ model has materially increased patrons' visitation on-property, reactivated significant numbers of long-term inactive patrons and generally proved highly supportive of on-property real money land-based gaming.

The Group continues to pursue further Internet gaming platform sales with casino equipment manufacturers in order to enable land based casino slots manufacturers to manage the distribution of their content online. The slow pace of incremental regulation of Internet gaming in the United States has materially contributed to on-going delays in securing an Internet gaming platform sale.

Investment in the Group's technical capability in key areas such as back office, mobile and convergence with land-based casino management systems continued throughout 2015 with significant growth of the Group's mobile gaming portfolio in HTML5 and native iOS and Android applications.

In Europe, the Group extended its market position in Italy with new clients launched including Star Vegas and William Hill Italia and Internet gaming content from NET Entertainment was delivered via the Group's technical platform located in Rome. Italy remains a crucial market for GAN as a comprehensively regulated Internet gaming market exhibiting continued growth throughout 2015 consequent to the regulation of Internet casino gaming in 2013.

Products

The Group's back office system iSight Back Office™ received major upgrades released throughout 2015 delivering a state-of-the-art back office player management capability with unique convergence features designed to complement a land-based casino's existing gaming operations.

The product related capabilities of Simulated Gaming™ took major strides in 2015 with a focus on monetisation of players and the introduction of gaming activity accelerants designed to extend player lifetimes, increase frequency of purchases and drive increased visitation to the US casino operators' land-based properties. Frictionless conversion funnels for mobile, real-time slot tournament capability and multi-user (player-with-player) casino games such Multiplayer EZ BACCARAT® launched in 2015 resulting in a significant increase in both monetisation and stickiness.

The Group's HTML5 casino gaming-specific framework was substantially revised with the first new look and feel HTML5 casino slot and casino table games released in early 2015 together with a materially upgraded native casino gaming application consolidating games developed in both native application and HTML5 format within a single gaming App logically branded the single "Online Casino" App for land-based operator clients. This major evolutionary step for the Group's SENSE3™ mobile gaming proposition will support the Group's growth opportunity in mobile in 2016.

A wide portfolio of new casino games were developed throughout 2015 with over 40 individual game client applications developed and delivered online in 2015 (2014: 40) bringing the Group's in-platform gaming content portfolio to 200 comprising simple casino slots and table games, complex multiplayer bingo and poker, multi-user casino games and a wide range of specialist games such as blackjack tournaments and region-specific card or dice games.

In 2015 the Group's research & development function developed a comprehensive framework for delivering 'freemium' mobile casual games to land-based casino operator clients exploiting the deep skill and expertise in the Group for developing skill-based games. The first product, a mobile casual game based on solitaire with over 300 levels to explore and complete was released for a US casino operator client in 2015 and relied entirely on in-App purchases to generate revenues from a minority of players who download the game for free and proceed to purchase in-game items designed to extend time-on-device. Variants of these mobile casual games, which can be played online or offline, will be released to the Group's selected US casino operator clients in 2016. The Group's research & development function in 2015 also developed the US casino Industry's first virtual reality casino application offering end user players of Simulated Gaming™ with Oculus Rift PC VR headsets the ability to navigate a virtual casino environment, explore themed worlds and play existing casino table games and casino slot games within these themed environments. The first virtual reality casino was released in early 2016 for a US casino operator client.

Marketing & Support Services

Throughout 2015, the Group continued to invest in establishing a wide range of secondary and tertiary services for US land-based casino clients designed to support the land-based casino operator in managing customers and growing through external user acquisition marketing and internal cross-sell marketing to existing patron databases and on-property human traffic. In 2015, GAN secured four US casino clients of marketing services conducted in support of Simulated Gaming™ in the second half-year period.

Marketing and support services remain a crucial component of the Group's service portfolio, ensuring any land-based casino operator can cost-effectively launch a turnkey managed Internet gaming service and, should they choose to, invest significant capital to grow profitably beyond its existing audience of casino patrons.

FINANCIAL AND OPERATIONAL REVIEW

Summary

2015 has been a year of focus and investment for GAN. The Group has focussed on driving additional revenue growth with our Simulated Gaming™ product in the US and Australian markets and in the sustainable real money gaming markets of New Jersey in the USA and in Italy.

The Group has established a significant coast to coast presence in the US market from which to drive additional growth. Following the successful launch of Simulated Gaming™ in 2014 with two US Casino operators, the Group added five additional customers during 2015; Parx Casino, San Manuel Digital, Maryland Live! Casino and American Casino & Entertainment Properties in the US (ACEP) and Club8 Casino in Australia. The Group has experienced further recurring revenue growth in Italy where two new operators launched during the period and in New Jersey which benefitted from an expanded content offering and a growing macro market. Recurring revenues now account for 79% of the overall Net Revenue compared to 48% in 2014. The Group has also worked to consolidate its cost base and believes that the current fixed operational cost base is sufficient to support planned growth over the next twelve months.

The Group reports gross income of £25.8m, a 1% decrease from 2014. Net revenue for the year was £6.0m compared to £7.5m in the same period last year. Clean EBITDA loss of £3.0m compares to a Clean EBITDA loss in 2014 of £1.4m and loss before taxation of £5.6m compares to a loss before taxation in the prior period of £2.6m. Loss after taxation of £5.0m reflects the successful claim for research and development tax credits in respect of prior years, received in 2016, of £0.6m. The 2014 financial year benefited from the recognition of the final payment of a material system sale which generated £1.0m in gross income and net revenue.

The Group continued to invest heavily in the underlying Internet gaming system capability in order to both strengthen its delivery capability and enhance its core Simulated Gaming™ and regulated real money gaming product offerings. The Group believes this investment will enable the Group to continue to capitalise on the immediate Simulated Gaming™ opportunity primarily in the core US market and to drive incremental growth in the regulated real money gaming markets of New Jersey in the US and in Italy. The Group remains focussed on the US market which now represents 50% of overall Group net revenues.

The group ended the year with a cash balance of £3.8m compared to £10.8m for the year ended 31 December 2014 and net assets at 31 December 2015 of £10.2m compared to £15.2m in the previous year. On 7th April 2016 the Group raised an additional £2.6m (before associated transaction expenses) in new capital to continue expansion of real-money regulated gaming and Simulated Gaming™ opportunities in the US as well as for working capital and general business development purposes.

Revenue

Net revenue for the year of £6.0m is £1.5m less than the net revenue generated in the previous year of £7.5m. Revenue for 2014 benefited from the final payment related to a material Internet gaming system sale that accounted for £1.0m of the £7.5m. On an underlying basis, net revenue excluding the impact of this system sale decreased by 8% from £6.5m to £6.0m.

B2B revenue share and other revenues increased by 45% from £2.9m to £4.2m The increase recorded in B2B revenue share and other revenues of £1.3m is offset by declines in game and platform development fees of £1.7m (excluding system sale) a decrease driven primarily by reduced game development fees for the conversion of existing offline slots titles to the online market. The increase in B2B revenue share and other revenues has been driven by the regulated gaming markets in New Jersey and Italy and by Simulated Gaming™ where we now have seven casinos operational, three of which launched in Q4. B2C net revenue decreased from £0.7m to £0.6m.

FINANCIAL AND OPERATIONAL REVIEW *(continued)*

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 increased from £3.7m to £5.4m for the year ended 31 December 2015. The increase is due primarily to increased amortisation of intangible assets of £1.0m and increased royalties payable to providers of third party games content in Europe for real money gaming and in the US for both Simulated Gaming™ and real money gaming in New Jersey. B2B marketing expenditure has also increased to support the roll out of Simulated Gaming™ across the US and other International markets.

Administration expenses include the costs of personnel and related expenditure for both the London and Nevada offices. The Group reports total administrative expenses for the year ended 31 December 2015 of £6.3m, £0.2m less than those incurred in 2014. For the year ended 31 December 2015, the group continued to invest in the underlying Internet gaming system, enhanced platform and games team capability in the UK and expanded sales presence in the US. This strategy has enhanced the delivery capability of the Group and enabled the Group to launch additional Simulated Gaming™ casino properties in the US and Australia.

CLEAN 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 as disclosed in note 6. The Directors regard Clean EBITDA as a reliable measure of profits that is not unduly subjective.

Clean EBITDA loss of £3.0m compares to an EBITDA loss of £1.4m in 2014 reflecting both the impact of continuing to invest in the underlying delivery and product capability and the recognition of £1.0m in system sale revenue in the year ended 31 December 2014.

Cashflow

During the year the Group has continued to invest in the underlying Internet Gaming System deployment and product capability. The cash balance at 31 December 2015 was £3.8m compared to £10.8m in 2014. In addition to operating cash outflow before movements in working capital and taxation of £3.4m, cash outflows during the year include £4.8m in incremental investment in intangible fixed assets primarily related to the capitalisation of internal development time and £0.5m invested in fixed assets including the cost of moving and refurbishing suitable head office space in London.

KEY PERFORMANCE INDICATORS

The directors regard Clean EBITDA as a reliable measure of profits and the Group's key performance indicators are set out below:

	2015	**2014**
	£000	**£000**
Gross income from gaming operations and services	25,837	26,123
Net revenue	6,011	7,528
Clean EBITDA	(3,018)	(1,425)
Net assets	10,184	15,176
Cash and cash equivalents	3,779	10,776

The Board also monitor customer related KPIs, including number of active players, revenue by customer, average revenue per daily active user for Simulated Gaming™, business segment profitability and geographic split of turnover.

GameAccount Network Plc

For the year ended 31 December 2015

Consolidated statement of comprehensive income

	Notes	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Continuing Operations			
Gross income from gaming operations and services		25,837	26,123
Net revenues	4	**6,011**	**7,528**
Distribution costs		(5,384)	(3,728)
Administrative expenses		(6,250)	(6,469)
Total operating costs		(11,634)	(10,197)
Clean EBITDA		(3,018)	(1,425)
Depreciation	10	(438)	(360)
Amortisation of intangible assets	9	(1,801)	(777)
Exceptional costs	6	(355)	(67)
Employee share-based payment charge		(11)	(40)
Operating (loss)	6	(5,623)	(2,669)
Finance income	7	19	67
(Loss) before taxation		(5,604)	(2,602)
Tax credit	8	582	-
(Loss) for the year attributable to owners of the Group and total comprehensive income for the year		(5,022)	(2,602)
Earnings per share attributable to owners of the parent during the year			
Basic (pence)	15	(8.99)	(4.66)
Diluted (pence)	15	(8.99)	(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.

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For the year ended 31 December 2015

Consolidated statement of financial position

	Notes	At 31 December 2015 £'000	At 31 December 2014 £'000
Non-current assets			
Intangible assets	9	5,570	3,026
Property, plant and equipment	10	884	805
Lease deposits		170	-
Deferred tax asset		510	510
		7,134	4,341
Current assets			
Trade and other receivables	11	2,851	2,823
Cash and cash equivalents	12	3,779	10,776
		6,630	13,599
Total assets		**13,765**	**17,940**
Current liabilities			
Trade and other payables	13	3,231	2,764
Total current liabilities		3,231	2,764
Non-current liabilities			
Other payables	13	350	-
Total non-current liabilities		350	-
Equity attributable to equity holders of parent			
Share capital	14	560	559
Share premium account		14,592	14,574
Retained (deficit)/ earnings		(4,968)	43
		10,184	15,176
Total equity and liabilities		**13,765**	**17,940**

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For the year ended 31 December 2015

Consolidated statement of changes in equity

	Share capital £'000	Share premium £'000	Retained (deficit)/ earnings £'000	Total equity £'000
At 31 December 2013	**557**	**14,528**	**2,605**	**17,690**
Loss and total comprehensive income for the year	-	-	(2,602)	(2,602)
Employee share-based payment charge	-	-	40	40
Issue of equity share capital	2	46	-	48
At 31 December 2014	**559**	**14,574**	**43**	**15,176**
Loss and total comprehensive income for the year	-	-	(5,022)	(5,022)
Employee share-based payment charge	-	-	11	11
Issue of equity share capital	1	18	-	19
At 31 December 2015	**560**	**14,592**	**(4,968)**	**10,184**

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 year ended 31 December 2015

Consolidated statement of cash flows

	Notes	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Cash flow from operating activities			
(Loss) for the year before taxation		(5,604)	(2,602)
Adjustments for:			
Amortisation of intangible assets	9	1,801	777
Depreciation of property, plant and equipment	10	438	360
Share based payment expense		11	40
Finance income	7	(19)	(67)
Foreign exchange		23	41
Operating cash flow before movement in working capital and taxation		**(3,350)**	**(1,451)**
Decrease/(increase) in trade and other receivables		398	(187)
Increase/(decrease) in trade and other payables		657	(1,214)
Taxation		-	85
Net cash flows from operating activities		**(2,295)**	**(2,767)**
Cash flow from investing activities			
Interest received		19	67
Purchase of intangible fixed assets	9	(4,175)	(2,892)
Purchases of property, plant and equipment	10	(517)	(568)
Net cash used in investing activities		**(4,673)**	**(3,393)**
Cash flow from financing activities			
Net proceeds on issue of shares	14	19	48
Net cash generated from financing activities		**19**	**48**
Net (decrease) in cash and cash equivalents		**(6,949)**	**(6,112)**
Cash and cash equivalents at beginning of year	12	10,776	16,895
Effect of foreign exchange rate changes		(48)	(7)
Cash and cash equivalents at end of year	**12**	**3,779**	**10,776**

GameAccount Network Plc

For the year ended 31 December 2015

Notes to the financial statements

1. Basis of preparation

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 set out in this document does not constitute the Group's statutory accounts for the year ended 31 December 2014 or 31 December 2015.

Statutory accounts for the year ended 31 December 2014 have been filed with the Registrar of Companies and those for the year ended 31 December 2015 will be delivered to the Registrar in due course; both have been reported on by independent auditors. The independent auditors' reports on the Annual Report and Accounts for the year ended 31 December 2014 and 31 December 2015 were 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.

Going concern

The directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the consolidated financial statements.

Adoption of new and revised standards

In the current year 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 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. Summary of significant accounting policies

The principal accounting policies adopted are set out below.

2.1 Basis of Consolidation

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 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.

De-facto control exists in situations where the company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exits the company considers all relevant facts and circumstances, including:

- The size of the company's voting rights relative to both the size and dispersion of other parties who hold voting rights

2. Summary of significant accounting policies *(continued)*

2.1 Basis of Consolidation (*continued*)

- Substantive potential voting rights held by the company and by other parties
- Other contractual arrangements
- Historical patterns in voting attendance.

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

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.

Foreign currencies

(a) Functional and presentational currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency') which is UK Pound Sterling (£). The financial statements are presented in UK Pound Sterling (£), which is the Group's presentational currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in net profit or loss in the statement of comprehensive income.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

(c) Group companies

On consolidation the results of overseas operations are translated 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 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.

2. Summary of significant accounting policies *(continued)*

2.2 Revenue recognition

Net revenues comprise amounts earned from B2C and B2B activities. B2B activities include revenues derived from the use of the Group's intellectual property in online gaming activities and revenues derived from the game and platform development and related services.

(a) B2C

Net revenue from 'business to consumer' ('B2C') activities represents the net house win, commission charged or tournament entry fees where the player has concluded his participation in a tournament. Net revenue is recognised in the accounting years in which the gaming transactions occur and is measured at the fair value of the consideration received or receivable, net of certain promotion bonuses and customer incentives.

(b) B2B

Revenue share and other services

Net revenue receivable from 'business to business' ('B2B') activities in respect of revenue share and other services comprises a percentage of the revenue generated by the contracting party from use of the Group's intellectual property in online gaming activities and from fees charged for services rendered. Net revenue is recognised in the accounting years in which the gaming transactions occur or the services are rendered.

Game and platform development

Net revenue receivable from B2B activities in respect of game and platform development comprises fees earned from development of games for customers for use on GameAccount Network's platforms and from the sale of platform software and related services.

Revenue in respect of game development and the sale of platform software is recognised when certification for the game has been obtained or delivery has occurred and the fee is fixed, contractual or determinable and collectability is probable.

Services revenue principally relates to implementation services. Such services are generally separable from the other elements of arrangements. Revenue for such services is recognised over the period of the delivery of these services. Where an element of the fee is contingent on the successful delivery of the implementation project the revenue is not recognised until such time that it is probable that the requirements under that specific contract will be met.

Simulated Gaming

Net revenue in respect of Simulated Gaming is recognised upon completion of purchase. Simulated gaming involves customers purchasing virtual credits at fixed price levels in order to experience established casino games in an online environment. Players are unable to monetise their virtual balances and revenues are recognised at the point of purchase and are non-refundable.

2. Summary of significant accounting policies *(continued)*

2.3 Gross income from gaming operations and services

In order to provide further information to readers of the financial statements and in particular to give an indication of the extent of transactions that have passed through the Group's systems, the statement of comprehensive income discloses gross income from gaming operations and services arising through the use of the Group's intellectual property in online gaming activities, which represents the total income of the Group, together with that derived by its contracting parties where the Group supplies its software directly to the online operator. This line item does not represent the Group's revenue for the purposes of IFRS income recognition.

2.4 Distribution costs

Distribution costs represent the costs of delivering the service to the customer and primarily consist of technology infrastructure, promotional and advertising together with gaming and regulatory testing all of which are recognised on an accruals basis, and depreciation and amortisation.

2.5 Administrative expenses

Sales and administrative expenses consist primarily of staff costs, corporate and professional expenses, all of which are recognised on an accruals basis, and impairment charges.

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

2.6 Intangible assets

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.

The significant intangibles recognised by the Group with their useful economic lives are as follows:

Licences and trademarks	Shorter of licence term or 10 years
Brand Assets	3 years

Internally generated intangible assets (development costs)

Expenditure incurred on development activities including the Group's software development and related overheads is capitalised only where the expenditure will lead to new or substantially improved products, the products are technically and commercially feasible and the Group has sufficient resources to complete development.

Capitalised development costs are amortised over the years the Group expects to benefit from selling the products developed which is typically three to five years. The amortisation expense is included within the distribution cost line in the consolidated statement of comprehensive income.

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.

Subsequent expenditure on capitalised intangible assets is capitalised only where it clearly increases the economic benefits to be derived from the asset to which it relates. All other expenditure, including that incurred in order to maintain an intangible assets current level of performance, is expensed as incurred.

2. Summary of significant accounting policies *(continued)*

2.7 Property, plant and equipment

Depreciation is calculated to write off the cost of fixed assets on a straight line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose are:

Fixtures, fittings, equipment and leasehold improvements	20% - 33% straight line

Subsequent expenditures are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the Group and the cost of the item can be measured reliably. All repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the consolidated statement of comprehensive income.

2.8 Impairment of property, plant and equipment and intangible assets

At each statement of financial position date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

2.9 Financial instruments

Financial assets and financial liabilities are recognised on the Group’s statement of financial position when the Group becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest 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 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 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.

2. Summary of significant accounting policies *(continued)*

2.9 Financial instruments *(continued)*

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and other short-term highly liquid investments that have maturities of three months or less from inception, are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Classification of shares as debt or equity instruments

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. An equity instrument is a contract that evidences a residual interest in assets or an entity after deducting all of its liabilities. Accordingly, a financial instrument is treated as equity if:

- There is no contractual obligation to deliver cash or other financial asset or to exchange financial assets or liabilities on terms that maybe unfavourable, and

- The instrument is a non-derivative that contains no contractual obligation to deliver a variable number of shares or is a derivative will be settled only by the Company exchanging a fixed amount of cash or other assets for a fixed number of the Company's own equity instruments.

Equity instruments issued by the Group are recorded at the time the proceeds are received, net of direct issue costs.

Trade and other payables

Trade payables are initially measured at their fair value and are subsequently measured at their amortised cost using the effective interest rate method; this method allocates interest expense over the relevant period by applying the 'effective interest rate' to the carrying amount of the liability.

2.10 Current and deferred tax

Taxation represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Research and development tax

Research and development taxation relief is recognised once management considers it probable that any amount claimable will be received.

Notes to the financial statements *(continued)*

2. Summary of significant accounting policies *(continued)*

2.10 Current and deferred tax *(continued)*

Deferred tax

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured using tax rates that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred tax asset or liability is realised or settled.

2.11 Operating leases

All leases held by the Group are operating leases and, as such, are charged to the statement of comprehensive income on a straight-line basis over the lease term. Rent free periods or other incentives received for entering into a lease are accounted for over the lease term, so as to spread the benefit received.

2.12 Share-based payments

The Group issues equity settled share-based payments to certain employees (including Directors).

Equity settled share-based payments are measured at fair value at the date of grant and expensed on a straight-line basis over the vesting period, based upon the Group's estimate of equity instruments that will eventually vest, along with a corresponding increase in equity. At each statement of financial position date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

The fair value of share options is determined using a Black Scholes model, taking into consideration management's best estimate of the expected life of the option and the estimated number of shares that will eventually vest. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

3. Financial risk management (see also note 15)

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk Management is carried out by management under policies approved by the Board of Directors. Management identifies and evaluates financial risks in close co-operation with the Group's operating segments. The Board provides principles for overall risk management, as well as policies covering specific areas, such as, interest rate risk, non-derivative financial instruments and investment of excess liquidity.

3.2 Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

3.3 Contractual risk

In the ordinary course of business the Group contracts with various parties. These contracts may include performance obligations, indemnities and contractual commitments. Management monitors the performance of the Group and any relevant counterparties against such contractual conditions to mitigate the risk of material, adverse non-compliance.

3.4 Credit risk

Credit risk is the financial loss to the Group if a customer or counterparty to financial instruments fails to meet its contractual obligation. Credit risk arises from the Group's cash and cash equivalents and receivables balances.

3.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. This risk relates to the Group's prudent liquidity risk management and implies maintaining sufficient cash. Management monitors rolling forecasts of the Group's liquidity and cash and cash equivalents on the basis of expected cash flow.

3.6 Capital risk management

The Group's capital structure is comprised entirely of the share capital and accumulated reserves.

The Group's objective when managing capital is to maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term. The capital structure of the Group is managed and adjusted to reflect changes in economic conditions.

The Group funds its expenditures on commitments from existing cash and cash equivalent balances. There are no externally imposed capital requirements.

Financing decisions are made by the Board of Directors based on forecasts of the expected timing and level of capital and operating expenditure required to meet the Group's commitments and development plans.

3.7 Fair value estimation

The carrying value less impairment provision of trade and other receivables and payables are assumed to approximate their fair values because of the short term nature of such assets and the effect of discounting liabilities is negligible.

3. Financial risk management (see also note 15) *(continued)*

3.8 Critical accounting estimates and judgements

The preparation of consolidated financial statements under IFRS as adopted by the EU requires the Group to make estimates and judgments that affect the application of policies and reported amounts. Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Reference is made in this note to accounting policies which cover areas that the Directors consider require estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year. These policies together with references to the related notes to the financial statements can be found below:

	Note
Revenue recognition	4
Capitalisation and impairment of internally generated intangible assets	9
Deferred taxation	8

4. Net revenue

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
B2C	592	678
B2B		
—Game and platform development	1,241	3,946
—Revenue share and other revenue	4,178	2,904
Total B2B	5,419	6,850
	6,011	7,528

5. 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 operating 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.

Year ended 31 December 2015	**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 on property, plant and equipment			(444)
Amortisation of intangible assets			(1,795)
Finance income			19
Loss before taxation			(5,604)
Tax credit/ (charge)			582
Loss for the year after taxation			(5,022)

Year ended 31 December 2014	**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 on property, plant and equipment			(360)
Amortisation of intangible assets			(777)
Finance income			67
Loss before taxation			(2,602)
Tax credit/(charge)			-
Loss for the year after taxation			(2,602)

The accounting policies of the reportable segments follow the same policies as described in note 2. 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.

5. Segmental information *(continued)*

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.

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
UK and Channel Islands	1,080	1,622
Italy	1,340	1,150
Netherlands	60	490
USA	2,991	2,780
Australia	420	1,162
Rest of the World	120	324
	6,011	7,528

Information about major customers

During the year ended 31 December 2015 the Group had two customers which generated revenue greater than 10% of total net revenue. These customers generated revenue of £2,001,000 representing 33% of net revenue (of which the largest customer generated £1,069,000), all of which was within the B2B segment.

During the year ended 31 December 2014 the Group had two customers which generated revenue greater than 10% of total net revenue. These customers generated revenue of £2,391,000 representing 32% of net revenue (of which the largest customer generated £1,325,900), all of which was within the B2B segment.

Geographical analysis of non-current assets

	At 31 December 2015 £'000	At 31 December 2014 £'000
UK and Channel Islands	6,308	3,583
USA	298	220
Italy	18	28
	6,624	3,831

6. Operating (loss)

6.1 Operating (loss) has been arrived at after charging:

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Staff costs (note 7)	3,646	3,829
Auditor's remuneration:		
Audit	55	60
Taxation	-	15
Others	5	5
Amortisation of intangibles	1,801	777
Depreciation on property, plant and equipment	438	360
Foreign exchange losses	23	41
Rent payable under operating leases	325	203
Employee share-based payment charge (note 17)	11	40

Staff costs and Rent payable under operating leases charged to the income statement, as shown in the table above are less amounts capitalised in the year of £3,681,165 (2014: £2,635,702) as part of capitalised development costs reflected within note 10 of the financial statements.

Total wages and salaries related to research and development was £3,535,163 (2014: £3,234,748) of which £2,849,623 (2014: £2,048,044) was capitalised.

6.2 Exceptional costs

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Compensation for loss of office, redundancy and compromise costs, together with associated legal expenses	213	67
Key management relocation costs	131	-
Other exceptional costs	11	-
	355	67

7. Finance income

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Interest receivable	19	67

8. Taxation

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Current tax (credit)	(582)	-
Deferred tax charge	-	-
Tax (credit) on loss on ordinary activities	(582)	-

Details of the deferred tax asset recognised are as set out below:

	At 31 December 2015 £'000	At 31 December 2014 £'000
At the beginning and end of the year	510	510

The deferred tax asset for the Group at 31 December 2015 comprises £510,000 (2014: £510,000) in respect of tax losses carried forward. Tax losses are recognised as a deferred tax asset by the Group when there is sufficient evidence that the amount will be recovered against foreseeable profits taking into account the loss for the period and sensitised forecast profits.

GameAccount Network Plc

For the year ended 31 December 2015

Notes to the financial statements *(continued)*

9. Intangible assets

	Brand Assets £'000	Development costs £'000	Licence costs £'000	Total Brand Assets, Development and Licence costs £'000
Cost				
At 31 December 2013	-	1,680	118	1,798
Additions	-	2,751	141	2,892
At 31 December 2014	-	4,431	259	4,690
Additions	252	3,931	161	4,344
At 31 December 2015	252	8,362	420	9,034
Accumulated amortisation				
At 31 December 2013	-	881	5	886
Charge for the year	-	750	27	777
At 31 December 2014	-	1,631	32	1,663
Charge for the year	6	1,729	66	1,801
At 31 December 2015	6	3,360	98	3,464
Net book value				
At 31 December 2013	-	799	113	912
At 31 December 2014	-	2,800	226	3,026
At 31 December 2015	246	5,002	322	5,570

10. Property, plant and equipment

	Fixtures, fittings, equipment and leasehold improvements £'000
Cost	
At 31 December 2013	1,886
Additions	568
At 31 December 2014	2,454
Additions	517
At 31 December 2015	2,971
Accumulated depreciation:	
At 31 December 2013	1,289
Charge for the year	360
At 31 December 2014	1,649
Charge for the year	438
At 31 December 2015	2,087
Net book value	
At 31 December 2013	597
At 31 December 2014	805
At 31 December 2015	884

11. Trade and other receivables

	At 31 December 2015 £'000	At 31 December 2014 £'000
Trade receivables	1,318	1,501
Other receivables	246	700
Amounts owed by group undertakings	-	-
Prepayments and accrued income	705	622
Corporation tax receivable	582	-
	2,851	2,823

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

12. Cash and cash equivalents

	At 31 December 2015 £'000	At 31 December 2014 £'000
Cash in bank accounts	3,779	10,776

13. Trade and other payables

	At 31 December 2015 £'000	At 31 December 2014 £'000
Amounts falling due within one year		
Trade payables	1,880	1,295
Other taxation and social security	157	188
Other payables	238	369
Accruals and deferred income	956	912
	3,231	2,764

13. Trade and other payables (*continued*)

Non-current liabilities

	At 31 December 2015 £'000	At 31 December 2014 £'000
Accruals	231	-
Deferred consideration	119	-
	350	-

Accruals relate to the rent free period on the Group's leased properties and are spread over the term of the lease. The deferred consideration relates to amounts payable to acquire brand assets included in note 9. Final payment of the deferred consideration is after one year but not later than five years.

14. Share capital

	Ordinary shares No.
Allotted, issued and fully paid	
At 31 December 2013	55,666,058
Issued during the year (i)	216,478
At 31 December 2014	55,882,536
Issued during the year (ii)	87,500
At 31 December 2015	55,970,036

	At 31 December 2015 £'000	At 31 December 2014 £'000
Ordinary shares	560	559

Issue of shares

(i) 216,478 ordinary shares of 1p each were issued at a premium of 21p during the year ended 31 December 2014 to settle vested options.

(ii) 87,500 ordinary shares of 1p each were issued at a premium of 21p during the year ended 31 December 2015 to settle vested options.

15. Earnings per share

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

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.

	Year ended 31 December 2015 Pence	**Year ended 31 December 2014 Pence**
Basic	(8.99)	(4.66)
Diluted	(8.99)	(4.66)

Earnings	**Year ended 31 December 2015 £'000**	**Year ended 31 December 2014 £'000**
(Loss) for the year	(5,022)	(2,602)

Denominator—basic	**Year ended 31 December 2015 Number**	**Year ended 31 December 2014 Number**
Weighted average number of equity shares	55,886,105	55,864,119
Weighted average number of equity shares for diluted EPS	55,886,105	55,864,119

16. Subsequent events

On 7th April 2016, the Company successfully completed a total of 9,331,888 Share placing which raised gross proceeds of £2.6m. The Company plans to use the net proceeds from the Placing to continue expansion of real-money Regulated Gaming and Simulated Gaming™ opportunities in the US and for working capital and general business development purposes.