20 August 2015

Sportech PLC (“Sportech” or “the Group”)
Interim results for the six months ended 30 June 2015

Sportech, one of the world’s leading pool betting operators and technology suppliers, focused on highly regulated markets worldwide, is pleased to announce its interim results for the six months ended 30 June 2015.

Strategic developments

- US – Strategic investments delivered value with disposal of online interests in New Jersey for a pre-tax gain of £8.1m
- US – Investment in technology securing new B2B customers, growing online betting in Connecticut and expanding position in professional sports raffles via Bump 50:50
- UK – Football Pools modernisation plan on track, with stabilisation of subscription revenues in H1
- Group – On 14 August we announced that we had received an indicative offer to acquire the Group from Contagious Gaming Inc.
- Group – £97m VAT refund appeal to be held in the Court of Appeal on 3 November 2015

Financial and operational highlights

	Reported H1 2015 £m	Constant currency H1 2014 £m	Constant currency change %	Reported H1 2014 £m
Revenue	51.0	54.3	(6.1)%	52.6
EBITDA[1]	11.0	12.3	(10.6)%	12.0
Adjusted profit before tax [2]	5.4	6.5	(16.9)%	6.3
Statutory profit before tax [3]	7.9	0.8	887.5%	87.8
Adjusted net debt [4]	63.3	66.4	(4.7)%	66.7

- Group
    - EBITDA down £1.3m to £11.0m
    - £8.1m pre-tax profit from disposal of SNG, our iGaming joint venture in New Jersey
    - Statutory profit before tax up by £7.1m to £7.9m (excluding the 2014 gain from Spot the Ball VAT claim which was subsequently reversed)
    - Net debt reduced by £3.1m from prior year to £63.3m. Cash of £5.1m received in H2 in relation to the above mentioned SNG disposal

- Sportech Racing and Digital
    - EBITDA up £0.3m to £4.1m driven by successful implementation of Quantum Tote to overhaul Betfred’s UK Totepool systems
    - Diversification into in-stadia 50:50 raffle technology for North American professional sports teams is gathering momentum via Bump

- Sportech Venues
    - EBITDA down £0.8m to £1.4m, due to extreme winter weather causing race cancellations and the closure for refurbishment of a major Jai Alai venue
    - San Diego sports bar, restaurant and betting venue projected to open November 2015. In Connecticut, online revenues are up 59% and we remain in ongoing dialogue in relation to expanded gaming initiatives (slots)

- Football Pools
  - Business modernisation plan on track; revenue stability achieved in core subscription business (which now accounts for more than 85% of customers)
  - EBITDA down £0.8m to £7.4m, due to expected decline in revenues in the Collector channel

Ian Penrose, Chief Executive of Sportech PLC, said:

"We have built a portfolio of highly regulated businesses in the US and UK, and have continued to invest in each to bring through innovation and technological improvements. We are now well positioned to build upon our unique position, based on our regulated racing and pools operations. Examples include the highly successful replacement of Betfred's Totepool entire hardware and software betting systems, and the realisation of a significant profit on our early online initiatives in New Jersey.

Our industry is currently experiencing a period of considerable consolidation, and we continue to explore all options to deliver strategic value for our shareholders. We remain confident in the underlying strength of the business."

Notes:

1 EBITDA is stated before exceptional costs and income and share option expense.

2 Adjusted profit figures are stated before amortisation of acquired intangibles, impairment of goodwill, exceptional costs and income, share of loss after tax of joint ventures and other finance (charges)/income.

3 Statutory profit before tax H1 2014 at constant currency is also stated excluding the net exceptional income in relation to the Spot the Ball VAT refund received in June 2014 of £87.1m.

4 Adjusted net debt is cash balances excluding monies received from HMRC in relation to the Spot the Ball VAT refund, net of borrowings.

Note: To aid understanding of the performance of the Group, the results have been presented on a constant currency basis due to the significant movement in the US Dollar and Euro against Sterling in the period versus the same period of the prior year.

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Forward-looking statements

This Interim Statement contains "forward-looking statements". These statements are based on the current expectations of the management of Sportech and are naturally subject to uncertainty and changes in circumstances.

Forward-looking statements include statements typically containing words such as "will", "may", "should", "believe", "intends", "expects", "anticipates", "targets", "estimates" and words of similar import. Although Sportech believes that the expectations reflected in such forward-looking statements are reasonable, Sportech can give no assurance that such expectations will prove to be correct. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include: the effects of the offer from Contagious Gaming Inc. on Sportech; local and global political and economic conditions; significant price discounting by competitors; changes in consumer habits and preferences; foreign exchange rate fluctuations and interest rate fluctuations (including those from any potential credit rating decline); legal or regulatory developments and changes; the suspension, revocation, refusal or non-renewal of licences and permits; the outcome of any litigation; the impact of any acquisitions or similar transactions; competitive product and pricing pressures; success of business and operating initiatives; IT system and technology failures; and changes in the level of capital investment. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Neither Sportech nor any of its affiliated companies undertakes any obligation to update or revise forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.

No profit forecasts

No statement in this Interim Statement is intended as a profit forecast or profit estimate and no statement in this Interim Statement should be interpreted to mean that earnings per Sportech share for any period would necessarily match or exceed the historical published earnings per Sportech share.

Sportech PLC ("Sportech" or "the Group")

Interim results for the six months ended 30 June 2015

Overview

Sportech is one of the world's leading operators and suppliers of pools betting services, occupying a unique position in the highly regulated and emerging gaming markets worldwide.

We have made further progress in delivering the Group's strategy, to stabilise the Football Pools business and leverage our positioning in the US. We announced in May that we had sold our share in our iGaming joint venture, SNG, to our partner NYX for £10.9m resulting in a pre-tax net gain of £8.1m. The decision to sell the Group's share in the joint venture reflected the offer received from NYX, as well as the slow pace of online gaming regulation in the US. Realising this value now supports the Group's balance sheet and enables investment in more near-term revenue generating projects. As such, we have commenced build-out of a new sports bar, restaurant and betting venue in San Diego which is targeted to open later this year.

Operationally, our Racing and Digital division successfully integrated our Quantum tote system into Betfred's Totepool business. This was a complex operation and is strong testament to the quality of our hardware and software, as well as the expertise of the technical and operations team. Revenues from the Tote sales and services business were ahead of the same period in the prior year, although we have faced difficulties in the Digital B2B business following the loss of two significant customers, one of whom ceased all racing operations in April. Overall this meant EBITDA for the division was up £0.3m at constant currency against prior year.

Our Venues business has unfortunately been impacted by the severe winter in the North East US and the temporary closure of a popular and profitable Jai Alai venue in Florida for refurbishment. This has resulted in overall betting volumes being down 7% against prior year. Within this overall decline however, internet revenues have grown 59% despite strong competition from unlicensed operators. We remain confident in the long-term future value of the Venues business and expect lost Jai Alai wagering to return once the venue is reopened in 2016.

The Football Pools has generated revenues in its core subscription business in line with prior year following growth in spend per customer. This is a pleasing result and our efforts are focused on building a stable, modern business through the subscription and online channels. Revenues in the Collector channel declined as expected and now represent only 16% of the division's total revenue and approximately 5% of EBITDA.

The Group's appeal in respect of the "Spot the Ball" VAT claim for approximately £97m will be heard at the Court of Appeal on 3 November 2015.

Contagious Gaming Inc. proposal

On 14 August 2015 Sportech announced that it had received a proposal from Contagious Gaming Inc., a Toronto-listed gaming and software supplier, regarding a possible recommended offer for the whole of the issued and to be issued ordinary share capital of the Company.

As previously announced, any recommended offer from Contagious Gaming, if made, would be at a premium to Sportech's share price of 62.63p on 13 August 2015 and would comprise a majority in cash and the balance in new Contagious Gaming shares. In addition, Sportech shareholders would also receive approximately half of the net proceeds, in the event of a successful VAT repayment claim on the "Spot the Ball" game, with the balance going to the then enlarged Contagious Gaming group.

The proposal is subject to due diligence, Contagious Gaming raising suitable financing and Contagious Gaming receiving a significant level of support for the proposal from Sportech shareholders.

A further announcement will be made when appropriate. In the meantime, Sportech shareholders are advised by the Board to take no action. There can be no certainty that any formal offer for the Company will be forthcoming, nor as to the terms of any such formal offer.

Financial performance

Overall, Group revenue fell to £51.0m (2014: £52.6m) and EBITDA reduced to £11.0m (2014: £12.0m). Adjusted profit before tax was £5.4m (2014: £6.3m) and profit after tax was £4.1m (2014: £69.0m). Basic and adjusted earnings per share were 2.0p and 2.1p (2014: 33.7p and 2.4p) respectively. Net debt at 30 June 2015 was £63.3m (31 December 2014: £63.8m).

An analysis of Group revenue and EBITDA performance by business segment is shown in the table below:

	Revenue		**EBITDA**	
£m	**2015 H1**	2014 H1	**2015 H1**	2014 H1
Sportech Racing and Digital*	**17.2**	17.5	**4.1**	3.8
Sportech Venues*	**17.0**	18.0	**1.4**	2.2
Football Pools	**17.2**	19.3	**7.4**	8.2
FX effect	**—**	(1.7)	**—**	(0.3)
Trading divisions	**51.4**	53.1	**12.9**	13.9
Inter-segment elimination and corporate costs	**(0.4)**	(0.5)	**(1.9)**	(1.9)
Total Group	**51.0**	52.6	**11.0**	12.0

*2014 numbers are at constant currency, translated using 2015 exchange rates.

Sportech Racing and Digital

Sportech Racing and Digital has a leading position worldwide in the provision of Tote software and services, both through land-based terminals and digital solutions. The business processes over $13bn of bets annually and is licensed in 28 states in the US with offices and operational centres in Atlanta, New Jersey, Toronto, Ireland, Germany, and the UK.

The business continues to invest heavily in technology including its Digital Link™ mobile applications with patented digital voucher functionality, a range of new self-service wagering terminals and kiosks, and its G4 online betting platform.

The division's Bump 50:50 business provides solutions that help the charitable foundations of professional sports teams design, execute, and promote 50:50 raffles at their live events, to support their charitable missions. Bump has customers from the NFL, NHL, NBA and NASCAR.

During the period, the Tote Services business has successfully renewed contracts with key racetracks including Mountaineer Park, Presque Isle Downs and Scioto Downs, as well as signing a new contract with Emerald Downs. In June, the division completed the successful integration of its Quantum system into Betfred's Totepool business which was introduced at Royal Ascot. This has allowed Betfred to simplify their betting systems and will increase the international distribution capability for Totepool products.

In April, the Racing and Digital business was awarded a Casino Service Industry Enterprise Licence by the New Jersey Division of Gaming Enforcement. This licence is regarded as one of the highest endorsements available to operators in the sector and enhances the Group's reputation in the US and worldwide.

The results can be analysed further as follows:

	Revenue		EBITDA	
£m	**2015 H1**	2014 H1	**2015 H1**	2014 H1
Tote Services and equipment sales*	**16.0**	15.5	**3.9**	3.2
Digital*	**1.2**	2.0	**0.2**	0.6
FX effect	**—**	(0.6)	**—**	(0.1)
Total	**17.2**	16.9	**4.1**	3.7

*2014 numbers are at constant currency, translated using 2015 exchange rates.

Racing and Digital division overall revenues have grown to £17.2m (2014: £16.9m). Within Tote Services, on a constant currency basis, revenues are £0.5m ahead of prior year. The underlying contracts which support these revenues are performing well, with new revenues being received from Danske Spil, whose system was delivered mid-2014. Total equipment sales revenues in the period were £2.2m (2014: £1.5m, constant currency basis) and include the ongoing delivery of our Totepool contract.

Included within Tote Services are the results for Bump 50:50. This growing business delivered H1 revenues of £0.2m and has signed up new customers in the period including the Winnipeg Jets, Montreal Impact and the Quebec Remparts.

EBITDA for the division as a whole has increased by £0.4m to £4.1m. On a constant currency basis, EBITDA in Tote Services and equipment sales has increased by £0.7m, driven by the sale to Totepool and maintenance revenue from Danske Spil.

Within Digital, revenues have declined 40% following the loss of two significant customers; a high value affiliate player and Colonial Downs, who ceased all racing operations in April 2015. Cost actions have been taken to mitigate this decline including a restructure of the management team. EBITDA in the period has fallen to £0.2m (2014: £0.6m, constant currency basis). We remain confident in the future of this business and expect to sign up new customers in H2.

During H1 we completed the sale of our 50% stake in SNG, to our joint venture partner NYX. The sale generated a net profit on disposal before tax of £8.1m and consideration of £10.9m, including 2.2m shares in NYX. The joint venture had launched operations with its sole customer in February 2015 and traded at a small loss in the period to disposal date. The sale does not restrict Sportech from re-entering the online gaming market in the future.

Sportech Venues

	Revenue		EBITDA	
£m	**2015 H1**	2014 H1	**2015 H1**	2014 H1
Venues – Connecticut*	**14.5**	15.5	**1.3**	2.2
Venues – Other*	**2.5**	2.5	**0.1**	—
FX effect	**—**	(1.1)	**—**	(0.2)
Total	**17.0**	16.9	**1.4**	2.0

*2014 numbers are at constant currency, translated using 2015 exchange rates.

Connecticut

In the state of Connecticut, Sportech Venues operates all betting on horseracing under an exclusive and in perpetuity licence for retail, telephone and internet.

Revenue has declined £1.0m compared to the prior year at constant currency. The particularly severe winter freeze caused many race day cancellations and temporary venue closures affecting our trading performance. Overall, amount wagered has declined £4.5m (7%). At Aqueduct (a favourite betting track for our Connecticut customers) the amount wagered was down by £2.0m and the closure throughout

2015 of Dania Jai Alai has resulted in a £2.6m decline in the amount wagered on this product. Industry thoroughbred handle across the US was down 1% in the period.

The business faces competition from the larger unlicensed internet operators accepting bets in Connecticut which impacts revenues both offline and online. Internet amount wagered on MyWinners.com grew 59% to £4.1m (2014: £2.6m) and we expect to continue to improve our technology and product offering to support further growth in this channel.

Food and beverage revenues at Bobby V's sports bar and restaurant at our Bradley venue were £0.7m (2014: £0.7m). Trading was break-even for the period following close control of staff costs and food margins (2014: £0.2m loss).

Given the overall revenue performance, we have reduced staffing levels and restructured central operations where possible to lower the ongoing cost base. However, due to the fixed costs of operating our venues estate, the impact of the revenue decline has reduced H1 EBITDA to £1.3m (2014: £2.2m, constant currency basis).

Demolition work has commenced at the site for our sports bar, restaurant and betting venue in downtown Stamford. Full build-out works will commence subject to the Group's available capital resources. The Group remains committed to the development of this exciting new location.

Within Connecticut, a law was passed during H1 allowing the Mohegan and Mashantucket Pequot tribes to jointly pursue the potential for the development of a commercial casino near the Massachusetts State line. Further legislative approval will be required in 2016. As the State's only gaming business with licensed and highly regulated venue premises, we remain involved in discussions with all relevant parties regarding this opportunity.

Other Venues

Revenue for Other Venues was in line with prior year at £2.5m with EBITDA of £0.1m (2014: £nil, constant currency basis).

In California, we have commenced build-out of a new sports bar, restaurant and betting venue in the heart of downtown San Diego. This is being developed as part of a joint venture with the Silky Sullivan's Group and is expected to open in November 2015 under the brand name "Striders". Our Californian business also supplies eight facilities with betting services and equipment, generating revenues of £0.2m (2014: £0.2m) in the half year.

In the Netherlands, we operate a number of OTBs, point-of-sale terminals and online betting on horseracing, all on an exclusive basis under a licence from the Ministry of Justice. This licence is in place until December 2016 and we continue to work closely with the Government, the regulator and the horseracing industry regarding the future regulatory regime for both offline and online betting in the Netherlands.

Football Pools

The strategy of the Pools business is to stabilise then grow revenues through improved customer retention, increased spend per head from core customers, recruitment of new players and the conversion of existing paper players to direct debit and online channels. To support delivery of this strategy, the business continues to consolidate its customers into a single database, enabling greater cross-sell opportunities and a lower, more agile operating cost base. The business continues to invest in its digital operations, having launched a new mobile and desktop platform in late 2014, with further enhancements planned for the remainder of the year.

Revenues for the period were £17.2m (2014: £19.3m), reflecting a stabilisation of core subscription revenues, a decline in online wallet revenues and the anticipated reduction of revenues from the Collector channel. EBITDA for the division was down £0.8m to £7.4m for the period.

Core subscription revenues were stable at £14.0m (2014: £14.0m) underpinned by an increase in spend per head on Classic Pools from £2.83 to £2.99 per week, mitigating a decrease in player numbers. The increase in spend per head has been achieved through a reduction in discounted and other promotional entries. We recruited 11,000 new subscription customers during the period, with 6,000 being acquired via digital (2014: 2,000) as we improved our scale and efficiency in this channel. Overall Classic Pools subscription customer numbers were 226,000 (2014: 237,000) with over 50% playing by direct debit.

Collector and overseas revenues were £2.8m (2014: £4.4m) which is in line with the business' expectations. The rate of reduction has been accelerated following the closure of 12 marginal Collector regions in 2014, which made up around 20% of the network. We will continue the closure of marginal areas as we focus increasingly on subscription channels.

Other online revenues (comprising of wallet-based sales on skill pools and instant win games) were £0.4m (2014: £0.9m) following the loss of certain VIP pools players, as well as the impact on core revenues following the move to the new platform in H2 2014. However, this new mobile-friendly website gives greater content, design flexibility and improved cross-sell capability to our core subscription players. An upgraded version of the site went live this month.

Corporate costs

Corporate costs of £1.9m (2014: £1.9m) have been tightly controlled. In addition, we also have a non-cash share option expense under IFRS 2 of £0.3m (2014: £1.0m).

Capital expenditure

Capital expenditure in the period was £3.5m (2014: £5.4m). This included continued investment in technology in The Football Pools and Sportech Racing, new contract spend for Sportech Racing and Bump customers as well as initial demolition work undertaken at the Stamford site.

Depreciation and amortisation

The Group's normal depreciation and amortisation charge increased in the period to £3.7m (2014: £2.9m) primarily due to the increased amortisation of software. In addition, the Group incurred a non-cash amortisation charge of £0.6m (2014: £3.5m) on the intangible assets acquired with eBet in 2012 and Data Tote in 2014. The prior year also included amortisation of intangibles acquired with Vernons in 2007, which became fully amortised in June 2014. A non-cash impairment charge of £3.7m has been charged against the goodwill recognised on the original acquisition of eBet in 2012.

Exceptional costs

The Group has incurred exceptional costs of £0.9m (2014: £0.7m) in the period. These costs include restructuring, licensing costs in relation to the Casino Service Industry Enterprise Licence awarded in April 2015, IFRS 3 employment costs and set-up costs in relation to joint ventures. The costs disclosed as exceptional are consistent with the type of cost disclosed as exceptional in prior periods (note 5).

Exceptional income - disposal of SNG

During the period, the Group completed the sale of its 50% stake in Sportech-NYX Gaming, LLC ("SNG") to its joint venture partner NYX Social Gaming LLC, a wholly-owned subsidiary of NYX Gaming Group Limited ("NYX") for a total consideration of up to CAD $22.1m (£11.3m) comprising CAD $10m in cash (£5.1m), 2.2 million NYX ordinary shares equating to an aggregate value of CAD $9.1m (£4.7m) at a price of CAD $4.15 per share and up to a maximum of CAD $3.0m (£1.5m) in deferred consideration. This deferred consideration is discounted at disposal date to £1.1m to give a fair value of total consideration recognised of £10.9m. The disposal generated an estimated pre-tax profit of CAD $15.9m (£8.1m), subject to provisional fair values being finalised. The cash consideration and NYX shares in relation to this transaction were received by the Group in H2 2015. Sportech have agreed to retain these shares until June 2016.

Net finance costs

The Group has incurred net interest payments in the period of £1.6m (2014: £1.8m). In addition, other finance charges amounted to £nil (2014: £1.3m), with income of £0.2m from the fair value movement on interest rate swaps being offset by a foreign exchange loss on financial assets and liabilities denominated in foreign currencies.

Taxation

A tax charge for the period of £3.8m (2014: £18.8m) has been provided. This includes a £3.1m deferred tax charge on the one-off gain on disposal of SNG which will utilise tax losses provided for in prior periods and therefore no cash tax is payable. The Group has a net deferred tax liability of £1.8m (31 December 2014: deferred tax asset of £0.8m), being tax allowances on capital received in advance of accounting charges. Tax payments of £0.8m were made during the period (2014: £0.6m), principally representing final payments for prior year tax liabilities and overseas tax deducted at source.

Net bank debt

The Group has an £80m revolving credit facility until August 2018 with a banking syndicate of Royal Bank of Scotland plc, Barclays Bank PLC and Bank of Scotland plc. Net bank debt has decreased by £0.5m in the six-month period to £63.3m (31 December 2014: £63.8m), reflecting continuing investment in the assets of the Group offset by cash generated from operations. The Group's bank leverage ratio for covenant testing purposes (Adjusted net bank debt/Adjusted EBITDA) was 2.76x as at 30 June 2015 (31 December 2014: 2.66x).

Shareholders' funds

Total equity and the Group's net assets at 30 June 2015 were £123.2m (30 June 2014: £208.0m). The comparative included the recognition of the £68.4m post-tax gain from the Spot the Ball refund. In addition, an impairment charge of £28.1m was charged against goodwill in relation to the Football Pools segment in H2 2014.

Dividend

No dividend is proposed. The Board considers the Group's investment plans, financial position and business performance in determining when to commence payment of a maiden dividend.

Board and employees

Sportech is an international business and places significant demands upon executives and employees. The Board would like to thank them for their continued dedication and commitment to the business.

Ian Penrose
Chief Executive

20 August 2015

Interim consolidated income statement
For the six months ended 30 June 2015

	Note	**Six months ended 30 June 2015 (Unaudited) £m**	Six months ended 30 June 2014 (Unaudited) £m	Year ended 31 December 2014 (Audited) £m
Revenue	4	**51.0**	52.6	104.1
Cost of sales		**(29.8)**	(29.2)	(58.1)
Gross profit		**21.2**	23.4	46.0
Distribution costs		**(0.2)**	(0.3)	(0.9)
Administrative expenses		**(19.2)**	(19.2)	(62.4)
Operating income		**8.1**	35.1	—
EBITDA before exceptional income/(costs) and share option expense		**11.0**	12.0	24.0
Share option expense		**(0.3)**	(1.0)	(0.6)
Depreciation and amortisation (excluding amortisation of acquired intangibles)		**(3.7)**	(2.9)	(6.2)
Amortisation of acquired intangibles and impairment of goodwill		**(4.3)**	(3.5)	(32.2)
Exceptional income	5	**8.1**	35.1	—
Exceptional costs	5	**(0.9)**	(0.7)	(2.3)
Operating profit/(loss)	4	**9.9**	39.0	(17.3)
Finance charges	6	**(1.6)**	(1.8)	(2.8)
Exceptional finance income	6	**—**	52.0	—
Other finance (charges)/income	6	**—**	(1.3)	0.3
Net finance (charges)/income	6	**(1.6)**	48.9	(2.5)
Share of loss after tax of joint ventures	11	**(0.4)**	(0.1)	(0.2)
Profit/(loss) before taxation		**7.9**	87.8	(20.0)
Adjusted profit before taxation *		**5.4**	6.3	14.4
Taxation	7	**(0.7)**	(0.1)	(1.3)
Taxation on exceptional income	7	**(3.1)**	(18.7)	—
Total taxation	7	**(3.8)**	(18.8)	(1.3)
Profit/(loss) for the period		**4.1**	69.0	(21.3)

The profit/(loss) for the period is wholly attributable to owners of the Parent.

	Note			
Earnings/(loss) per share attributable to owners of the Parent during the period				
Basic	8	**2.0p**	33.7p	(10.4)p
Diluted	8	**1.9p**	32.2p	(9.9)p
Adjusted earnings per share attributable to owners of the Parent during the period				
Basic	8	**2.1p**	2.4p	5.5p
Diluted	8	**2.0p**	2.3p	5.2p

* Adjusted profit before taxation is profit before taxation, amortisation of acquired intangibles and impairment of goodwill, exceptional costs and income, share of loss after tax of joint ventures and other finance (charges)/income.

Interim consolidated statement of comprehensive income
For the six months ended 30 June 2015

	Six months ended 30 June 2015 (Unaudited) £m	Six months ended 30 June 2014 (Unaudited) £m	Year ended 31 December 2014 (Audited) £m
Profit/(loss) for the period	**4.1**	69.0	(21.3)
Other comprehensive expense			
Items that will not be reclassified to profit and loss			
Actuarial loss on retirement benefit obligations	**—**	—	(0.4)
Deferred tax on movement on retirement benefit obligations	**—**	—	0.1
	—	—	(0.3)
Items that may be subsequently reclassified to profit and loss			
Currency translation differences	**(1.1)**	(1.3)	1.4
Other comprehensive (expense)/income for the period, net of tax	**(1.1)**	(1.3)	1.1
Total comprehensive income/(expense) for the period	**3.0**	67.7	(20.2)

Interim consolidated statement of changes in equity
For the six months ended 30 June 2015

	Attributable to owners of the Company						
		Other reserves					
	Ordinary shares £m	Share option reserve £m	Pension reserve £m	Currency translation reserve £m	Retained earnings £m	Non-controlling interests £m	Total £m
At 1 January 2015 (audited)	102.6	2.3	(0.6)	(0.1)	15.6	—	119.8
Comprehensive income							
Profit for the period	—	—	—	—	4.1	—	4.1
Other comprehensive expense							
Currency translation differences	—	—	—	(1.1)	—	—	(1.1)
Total other comprehensive expense	—	—	—	(1.1)	—	—	(1.1)
Total comprehensive (expense)/income	—	—	—	(1.1)	4.1	—	3.0
Transactions with owners							
Share option credit	—	0.3	—	—	—	—	0.3
Shares issued in relation to PSP	0.5	(0.5)	—	—	—	—	—
Total contributions and distributions	0.5	(0.2)	—	—	—	—	0.3
Changes in ownership interests							
Acquisition of interests in S&S Venues California, LLC (note 10)	—	—	—	—	—	0.1	0.1
Total transactions with owners of the Company	0.5	(0.2)	—	—	—	0.1	0.4
Total changes in equity	0.5	(0.2)	—	(1.1)	4.1	0.1	3.4
At 30 June 2015 (unaudited)	**103.1**	**2.1**	**(0.6)**	**(1.2)**	**19.7**	**0.1**	**123.2**

		Other reserves				
	Ordinary shares £m	Share option reserve £m	Pension reserve £m	Currency translation reserve £m	Retained earnings £m	Total £m
At 1 January 2014 (audited)	102.4	2.2	(0.3)	(1.5)	36.9	139.7
Comprehensive income						
Profit for the period	—	—	—	—	69.0	69.0
Other comprehensive expense						
Currency translation differences	—	—	—	(1.3)	—	(1.3)
Total other comprehensive expense	—	—	—	(1.3)	—	(1.3)
Total comprehensive (expense)/income	—	—	—	(1.3)	69.0	67.7
Transactions with owners						
Share option credit	—	1.0	—	—	—	1.0
Employment taxes paid on vestings in the year	—	(0.4)	—	—	—	(0.4)
Shares issued in relation to PSP	0.1	(0.1)	—	—	—	—
Total contributions and distributions	0.1	0.5	—	—	—	0.6
Total transactions with owners of the Company	0.1	0.5	—	—	—	0.6
Total changes in equity	0.1	0.5	—	(1.3)	69.0	68.3
At 30 June 2014 (unaudited)	102.5	2.7	(0.3)	(2.8)	105.9	208.0

		Other reserves				
	Ordinary shares £m	Share option reserve £m	Pension reserve £m	Currency translation reserve £m	Retained earnings £m	Total £m
At 1 January 2014 (audited)	102.4	2.2	(0.3)	(1.5)	36.9	139.7
Comprehensive income						
Loss for the year	—	—	—	—	(21.3)	(21.3)
Other comprehensive (expense)/income						
Actuarial loss on retirement benefit obligations *	—	—	(0.3)	—	—	(0.3)
Currency translation differences	—	—	—	1.4	—	1.4
Total other comprehensive (expense)/income	—	—	(0.3)	1.4	—	1.1
Total comprehensive (expense)/income	—	—	(0.3)	1.4	(21.3)	(20.2)
Transactions with owners						
Share option credit	—	0.6	—	—	—	0.6
Employment taxes paid on vestings in the year	—	(0.3)	—	—	—	(0.3)
Shares issued in relation to PSP	0.2	(0.2)	—	—	—	—
Total contributions and distributions	0.2	0.1	—	—	—	0.3
Total transactions with owners of the Company	0.2	0.1	—	—	—	0.3
Total changes in equity	0.2	0.1	(0.3)	1.4	(21.3)	(19.9)
At 31 December 2014 (audited)	102.6	2.3	(0.6)	(0.1)	15.6	119.8

* Net of deferred tax.

Interim consolidated balance sheet
As at 30 June 2015

	Note	**As at 30 June 2015 (Unaudited) £m**	As at 30 June 2014 (Unaudited) £m	As at 31 December 2014 (Audited) £m
ASSETS				
Non-current assets				
Goodwill	9	**121.3**	153.1	125.0
Intangible fixed assets	10	**43.7**	42.3	42.1
Property, plant and equipment	10	**22.3**	20.1	24.9
Net investment in joint ventures	11	**1.4**	0.7	2.2
Trade and other receivables	12	**2.0**	1.3	1.2
Deferred tax assets		**—**	1.4	1.4
		190.7	218.9	196.8
Current assets				
Trade and other receivables	12	**19.3**	9.9	10.4
Inventories		**2.0**	1.6	1.5
Cash and cash equivalents		**5.3**	26.3	6.3
		26.6	37.8	18.2
TOTAL ASSETS		**217.3**	256.7	215.0
LIABILITIES				
Current liabilities				
Derivative financial instruments		**(0.2)**	(0.8)	(0.5)
Financial liabilities	14	**—**	(0.7)	—
Trade and other payables		**(19.4)**	(25.2)	(20.5)
Provisions	13	**(0.1)**	(0.2)	(0.2)
Current tax liabilities		**(1.3)**	(18.7)	(0.8)
		(21.0)	(45.6)	(22.0)
Net current assets/(liabilities)		**5.6**	(7.8)	(3.8)
Non-current liabilities				
Financial liabilities	14	**(69.3)**	(0.6)	(70.6)
Retirement benefit liability		**(1.6)**	(1.3)	(1.6)
Provisions	13	**(0.4)**	(0.4)	(0.4)
Deferred tax liabilities		**(1.8)**	(0.8)	(0.6)
		(73.1)	(3.1)	(73.2)
TOTAL LIABILITIES		**(94.1)**	(48.7)	(95.2)
NET ASSETS		**123.2**	208.0	119.8
EQUITY				
Ordinary shares		**103.1**	102.5	102.6
Other reserves		**0.3**	(0.4)	1.6
Retained earnings		**19.7**	105.9	15.6
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**123.1**	208.0	119.8
Non-controlling interests		**0.1**	—	—
TOTAL EQUITY		**123.2**	208.0	119.8

Interim consolidated statement of cash flows
For the six months ended 30 June 2015

	Note	**Six months ended 30 June 2015 (Unaudited) £m**	Six months ended 30 June 2014 (Unaudited) £m	Year ended 31 December 2014 (Audited) £m
Cash flows from operating activities				
Cash flows from operations, before exceptional items	16	**9.6**	7.8	20.4
Interest paid		**(1.5)**	(2.2)	(3.0)
Exceptional interest income		**—**	52.0	—
Tax paid		**(0.8)**	(0.6)	(1.3)
Net cash generated from operating activities before cash exceptional (costs)/income		**7.3**	57.0	16.1
Cash exceptional costs		**(0.9)**	(0.7)	(2.3)
Cash exceptional income		**—**	41.0	—
Net cash generated from operating activities		**6.4**	97.3	13.8
Cash flows from investing activities				
Investment in joint ventures	11	**(2.0)**	(0.3)	(1.9)
Acquisition of Bump Worldwide Inc. net of cash acquired		**—**	(0.1)	(0.2)
Payment of deferred consideration for eBet Online Inc.		**—**	—	(0.7)
Purchase of intangible fixed assets	10	**(2.2)**	(2.4)	(5.1)
Purchase of property, plant and equipment	10	**(1.3)**	(3.0)	(4.9)
Net cash used in investing activities		**(5.5)**	(5.8)	(12.8)
Cash flows from financing activities				
Refinancing fee paid – exceptional cost	6	**—**	(1.4)	(1.4)
Net cash (outflow)/inflow from (repayment)/drawdown of borrowings	14	**(1.5)**	(66.0)	4.1
Net cash (used in)/generated from financing activities		**(1.5)**	(67.4)	2.7
Net (decrease)/increase in cash and cash equivalents		**(0.6)**	24.1	3.7
Cash and cash equivalents at the beginning of the period		**6.3**	2.6	2.6
Exchange loss on cash and cash equivalents		**(0.4)**	(0.4)	—
Cash and cash equivalents at the end of the period		**5.3**	26.3	6.3

	Note	**Six months ended 30 June 2015 (Unaudited) £m**	Six months ended 30 June 2014 (Unaudited) £m	Year ended 31 December 2014 (Audited) £m
Reconciliation of net bank debt				
(Decrease)/increase in cash in the period		**(1.0)**	23.7	3.7
Net cash outflow/(inflow) from repayment/(drawdown) of borrowings	14	**1.5**	66.0	(4.1)
Movement in net bank debt for the period		**0.5**	89.7	(0.4)
At the beginning of the period		**(63.8)**	(63.4)	(63.4)
At the end of the period		**(63.3)**	26.3	(63.8)
Net bank debt comprises:				
Cash and cash equivalents		**5.3**	26.3	6.3
Loans repayable after one year	14	**(68.6)**	—	(70.1)
At the end of the period		**(63.3)**	26.3	(63.8)
Exceptional cash inflow from VAT repayment		**—**	(93.0)	—
Net bank debt excluding VAT repayment		**(63.3)**	(66.7)	(63.8)

Notes to the consolidated interim financial statements
For the six months ended 30 June 2015

1. General information

Sportech PLC (the "Company") is a company domiciled in the UK and listed on the London Stock Exchange. The Company's registered office is Collins House, Rutland Square, Edinburgh, Midlothian, Scotland EH1 2AA. The condensed consolidated interim financial statements of the Company as at and for the period ended 30 June 2015 comprise the Company, its subsidiaries and joint ventures (together referred to as the "Group"). The Company's accounting interim reference date is 30 June. Consistent with the normal monthly reporting process, the actual date to which the balance sheet has been drawn up is to 5 July 2015 (2014: 6 July 2014). For ease of reference in these condensed interim financial statements, all references to the results for the period are for the period ended 30 June 2015 (2014: 30 June 2014) and the financial position at 30 June 2015 (2014: 30 June 2014). The principal activities of the Group are pools betting, both B2B and B2C, and supply of wagering technology solutions.

The condensed consolidated interim financial statements were approved for issue on 20 August 2015.

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2014 were approved by the Board of Directors on 4 March 2015 and delivered to the Registrar of Companies. The Report of the Auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

These condensed consolidated interim financial statements have not been reviewed or audited.

2. Basis of preparation

a. These condensed consolidated interim financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34 'Interim Financial Reporting' as adopted by the European Union. They do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2014 which have been prepared in accordance with IFRSs as adopted by the European Union.

b. The Group has committed revolving credit banking facilities totalling £80m in place with Bank of Scotland plc, Barclays Bank PLC and Royal Bank of Scotland plc until August 2018. The Group's forecasts and projections, which have been prepared for the period to December 2016, and taking into account reasonably possible changes in performance, show that the Group will be able to operate within the level of its current facilities and comply with its banking covenants. Sensitivities were applied to the Group's forecasts which resulted, in total for a reasonable downside scenario, in a fall in EBITDA (assumed to directly affect net debt) of 8%. Even at this level of performance the forecasts show that the Group would stay in compliance with its most sensitive covenant, being leverage, at all testing dates in the period under review. The sensitivities applied included effects of cost saving initiatives not being achieved and a lower level of forecast system sales.

   After making reasonable enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

c. The preparation of interim financial statements 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 expense. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgements made by management were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

d. The principal risks and uncertainties for the Group remain the same as those detailed on pages 20 and 21 of the 2014 Sportech PLC Annual Report and Accounts, where descriptions of mitigating activities carried out by the Group are also outlined.

3. Accounting policies

There are no new standards or amendments to standards or interpretations that are mandatory for the first time for the financial year beginning 1 January 2015 that would impact the Group financial statements. Accordingly, the accounting policies applied in these condensed consolidated interim financial statements are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in those annual financial statements.

The following standards, amendments and interpretations that are not yet effective and have not been adopted early by the Group are as follows:

Standard or interpretation	Content	Applicable for financial year beginning on or after
IFRS 15	Revenue from contracts with customers	1 January 2018
Amendments to IFRS 9	Financial instruments	1 January 2018
Annual improvements 2014	Various	1 January 2016

None of the above are expected to have a material impact on the financial statements of the Group.

4. Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee, which makes strategic and operational decisions.

The Group has identified its business segments as outlined below:

- Football Pools – Football Pools and associated games through traditional channels such as mail, telephone, agent-based collection, retail outlets, third-party licensed betting offices, and through online and digital channels;
- Sportech Racing and Digital – provision of pari-mutuel wagering services and systems worldwide principally to the horseracing industry;
- Sportech Venues – off-track betting venue management; and
- Corporate costs – central costs relating to the Company in its capacity as the PLC holding company of the Group.

The Board of Directors assesses the performance of the operating segments based on a measure of adjusted EBITDA which excludes the effects of non-recurring expenditure such as restructuring costs and impairments of assets. The share option expense is also excluded. Interest is not allocated to segments as the Group's cash position is controlled by the central finance team. Sales between segments are at arm's length.

	Six months ended 30 June 2015 (Unaudited)					
	Football Pools £m	Racing and Digital £m	Venues £m	Corporate costs £m	Inter-segment elimination £m	Group £m
Revenue from sale of goods	**17.2**	**2.2**	**—**	**—**	**—**	**19.4**
Revenue from rendering of services	**—**	**15.0**	**17.0**	**—**	**(0.4)**	**31.6**
Total revenue	**17.2**	**17.2**	**17.0**	**—**	**(0.4)**	**51.0**
EBITDA before exceptional income and costs and share option expense	**7.4**	**4.1**	**1.4**	**(1.9)**	**—**	**11.0**
Share option expense	**—**	**—**	**—**	**(0.3)**	**—**	**(0.3)**
Depreciation and amortisation (excluding amortisation of acquired intangibles)	**(0.9)**	**(2.0)**	**(0.6)**	**(0.2)**	**—**	**(3.7)**
Segment result before amortisation of acquired Intangibles, impairment of goodwill and exceptional income/(costs)	**6.5**	**2.1**	**0.8**	**(2.4)**	**—**	**7.0**
Amortisation of acquired intangibles and impairment of goodwill	**—**	**(4.3)**	**—**	**—**	**—**	**(4.3)**
Exceptional income	**—**	**8.1**	**—**	**—**	**—**	**8.1**
Exceptional costs	**(0.2)**	**(0.2)**	**—**	**(0.5)**	**—**	**(0.9)**
Operating profit/(loss)	**6.3**	**5.7**	**0.8**	**(2.9)**	**—**	**9.9**
Net finance charges						**(1.6)**
Share of loss after tax of joint ventures						**(0.4)**
Profit before taxation						**7.9**
Taxation						**(3.8)**
Profit for the period						**4.1**

	Six months ended 30 June 2014 (Unaudited)					
	Football Pools £m	Racing and Digital £m	Venues £m	Corporate costs £m	Inter-segment elimination £m	Group £m
Revenue from sale of goods	19.3	1.9	—	—	—	21.2
Revenue from rendering of services	—	15.0	16.9	—	(0.5)	31.4
Total revenue	19.3	16.9	16.9	—	(0.5)	52.6
EBITDA before exceptional income and costs and share option expense	8.2	3.7	2.0	(1.9)	—	12.0
Share option expense	—	—	—	(1.0)	—	(1.0)
Depreciation and amortisation (excluding amortisation of acquired intangibles)	(0.7)	(1.6)	(0.6)	—	—	(2.9)
Segment result before amortisation of acquired intangibles and exceptional costs	7.5	2.1	1.4	(2.9)	—	8.1
Amortisation of acquired intangibles	(2.7)	(0.8)	—	—	—	(3.5)
Exceptional income	35.1	—	—	—	—	35.1
Exceptional costs	—	(0.5)	—	(0.2)	—	(0.7)
Operating profit/(loss)	39.9	0.8	1.4	(3.1)	—	39.0
Net finance costs						48.9
Share of loss after tax of joint venture						(0.1)
Profit before taxation						87.8
Taxation						(18.8)
Profit for the period						69.0

	Year ended 31 December 2014 (Audited)					
	Football Pools £m	Racing and Digital £m	Venues £m	Corporate costs £m	Inter-segment elimination £m	Group £m
Revenue from sale of goods	38.0	4.2	—	—	—	42.2
Revenue from rendering of services	—	30.3	32.5	—	(0.9)	61.9
Total revenue	38.0	34.5	32.5	—	(0.9)	104.1
EBITDA before exceptional costs and share option expense	16.6	8.1	3.2	(3.9)	—	24.0
Share option expense	—	—	—	(0.6)	—	(0.6)
Depreciation and amortisation (excluding amortisation of acquired intangibles)	(1.5)	(3.5)	(1.2)	—	—	(6.2)
Segment result before amortisation of acquired Intangibles, impairment of goodwill and exceptional costs	15.1	4.6	2.0	(4.5)	—	17.2
Amortisation of acquired intangibles and impairment of goodwill	(30.7)	(1.5)	—	—	—	(32.2)
Exceptional costs	(1.4)	—	(0.1)	(0.8)	—	(2.3)
Operating (loss)/profit	(17.0)	3.1	1.9	(5.3)	—	(17.3)
Net finance costs						(2.5)
Share of loss after tax of joint ventures						(0.2)
Loss before taxation						(20.0)
Taxation						(1.3)
Loss for the year						(21.3)

5. Exceptional income and costs

Exceptional costs of £0.9m (six months ended 30 June 2014: £0.7m; year ended 31 December 2014: net exceptional costs of £2.3m) are included within administrative expenses, net exceptional income of £8.1m is included in operating income (six months ended 30 June 2014: £35.1m; year ended 31 December 2014: £nil) and exceptional income of £0.2m (six months ended 30 June 2014: net exceptional income of £51.1m; year ended 31 December 2014: net exceptional cost of £0.6m) is included within net finance (charges)/income in the income statement. Exceptional income and costs by type are as follows:

	Six months ended 30 June 2015 (Unaudited) £m	Six months ended 30 June 2014 (Unaudited) £m	Year ended 31 December 2014 (Audited) £m
Included in operating income:			
Exceptional income (Spot the Ball VAT refund)	**—**	(41.0)	—
Costs accrued in relation to exceptional income (Spot the Ball VAT refund)	**—**	5.9	—
Net gain on disposal of Sportech-NYX Gaming, LLC	**(8.1)**	—	—
Included in administrative expenses:			
Redundancy and restructuring costs in respect of the rationalisation and modernisation of the business	**0.2**	0.3	1.1
Costs and fees in relation to Spot the Ball VAT claim	**—**	0.1	0.2
Transaction costs in respect of the acquisition of subsidiaries	**—**	0.1	0.1
Licensing costs in New Jersey in respect of the acquisition of Sportech Racing	**0.2**	0.1	0.1
Costs in relation to set up of joint ventures	**0.1**	—	0.6
IFRS 3 employment costs in relation to Datatote (England) Limited and Bump Worldwide Inc.	**0.2**	0.1	0.4
Release of deferred consideration accrued for eBet Online Inc.	**—**	—	(0.5)
Other exceptional costs	**0.2**	—	0.3
	(7.2)	(34.4)	2.3
Included in net finance (charges)/income:			
Refinancing fee	**—**	1.4	1.4
Exceptional finance income	**—**	(52.0)	—
Movements on derivative financial instruments post designation as ineffective	**(0.2)**	(0.5)	(0.8)
	(0.2)	(51.1)	0.6
Total exceptional (income)/costs	**(7.4)**	(85.5)	2.9

The net gain on disposal of Sportech-NYX Gaming, LLC recognised in the period is calculated as follows:

	£m
Consideration receivable (note 12)	**10.9**
Net investment in joint venture disposed of (note 11)	**(1.9)**
Disposal costs	**(0.9)**
Net gain on disposal before taxation	**8.1**

All substantive conditions required for completion of the disposal of Sportech-NYX Gaming, LLC were satisfied as at 3 July 2015, being within the current reporting period (see note 1). As of this date the Group had an unconditional right to receive the consideration for the disposal. As such, the gain on disposal has been recognised in the Group's interim financial statements.

6. Net finance charges/(income)

	Six months ended 30 June 2015 (Unaudited) £m	Six months ended 30 June 2014 (Unaudited) £m	Year ended 31 December 2014 (Audited) £m
Interest payable on bank loans, derivative financial instruments and overdrafts	**1.6**	1.8	2.8
Refinancing fee	—	1.4	1.4
Movement on derivative financial instruments post designation as ineffective	**(0.2)**	(0.5)	(0.8)
Foreign exchange loss/(gain) on financial assets and liabilities denominated in foreign currency	**0.2**	0.4	(0.9)
Exceptional finance income	**—**	(52.0)	—
Net finance charges/(income)	**1.6**	(48.9)	2.5

The refinancing fee, the fair value movements on derivative financial instruments and the foreign exchange loss/(gain) on financial assets and liabilities denominated in foreign currency are all together shown as other finance charges/(income) in the income statement. Included in the above table is exceptional income of £0.2m (six months ended 30 June 2014: net exceptional income of £51.1m; year ended 31 December 2014: net exceptional charges of £0.6m).

7. Taxation

Taxation is provided based on management's best estimate of the expected weighted average annual taxation rate for the full year. The estimated weighted average annual tax rate for the year ended 31 December 2015 is 18.1% (2014: 21.4%). This rate excludes the effect of the gain on disposal of Sportech-NYX Gaming, LLC and the impairment of eBet goodwill given these are material one-off events in the interim period. Taxation on the Sportech-NYX Gaming, LLC gain has been provided at 38.0%, giving an expected charge of £3.1m, shown as taxation on exceptional income in the income statement.

An exceptional taxation charge of £18.7m was recognised in the income statement in the six month period ended 30 June 2014, being UK corporation tax at the applicable rate payable on the £87.1m exceptional income recognised, net of exceptional costs, related to Spot the Ball VAT refund.

8. Earnings per share

The calculation of earnings per share ("EPS") is based on the profit attributable to ordinary shareholders of £4.1m (six months ended 30 June 2014: profit of £69.0m; year ended 31 December 2014: loss of £21.3m) divided by the weighted average number of shares in issue during the period of 205.9m (six months ended 30 June 2014: 204.9m; year ended 31 December 2014: 205.0m).

The calculation of adjusted EPS is based on the adjusted profit after taxation attributable to ordinary shareholders of £4.3m (six months ended 30 June 2014: £4.9m; year ended 31 December 2014: £11.2m) divided by the weighted average number of shares in issue during the period. Adjusted profit after taxation is defined as profit before taxation, amortisation of acquired intangibles and impairment of goodwill, exceptional costs and income, share of loss after tax of joint ventures and other finance (charges)/income, less taxation based on management's best estimate of the underlying taxation rate for the year on adjusted profits of 20.6% (2014: 23.0%).

The number of shares that have a dilutive effect on basic and adjusted EPS is 7.0m (six months ended 30 June 2014: 9.0m; year ended 31 December 2014: 9.0m).

9. Goodwill

	Six months ended 30 June 2015 (Unaudited) £m	Six months ended 30 June 2014 (Unaudited) £m	Year ended 31 December 2014 (Audited) £m
Net book amount at the beginning of the period	**125.0**	153.1	153.1
Impairment	**(3.7)**	—	(28.1)
Net book amount at the end of the period	**121.3**	153.1	125.0

During the period, impairment indicators were indentified in relation to the goodwill which arose on acquisition of eBet Online Inc. ("eBet"), being the loss of two significant eBet customers. The Group therefore carried out an impairment review of the carrying value of this goodwill and the cash generating unit's tangible and intangible assets in accordance with IAS 36. The recoverable amount of those assets are estimated to be their value in use, represented by eBet's forecast future cash flows discounted at a rate of 10.0%. After allocating the asset's value in use to the tangible and intangible assets, the remaining recoverable amount was estimated to be £1.8m. As a result, an impairment charge against goodwill of £3.7m has been expensed to the income statement in administration expenses.

The impairment charge recognised in the year ended 31 December 2014 was made in relation to the Football Pools segment.

10. Intangible fixed assets and property, plant and equipment

	Six months ended 30 June 2015 (Unaudited) £m	Six months ended 30 June 2014 (Unaudited) £m	Year ended 31 December 2014 (Audited) £m
Net book amount at the beginning of the period	**67.0**	64.3	64.3
Business combination	**—**	0.3	0.3
Acquisition of interests in S&S Venues California, LLC (note 11)	**0.6**	—	—
Additions	**3.5**	5.4	10.0
Depreciation and amortisation	**(4.3)**	(6.4)	(10.3)
Cumulative exchange differences	**(0.8)**	(1.2)	2.7
Net book amount at the end of the period	**66.0**	62.4	67.0

11. Net investment in joint ventures

The Group had the following investments in joint ventures during the period:

Entity name	Description	Country of incorporation	Year of investment	% holding
Sportshub Private Limited	Provides a suite of prediction and fantasy games centred on cricket, football and Formula One	India	2008	50
Picklive USA, LLC	Distribution of Picklive's live fantasy sports game across the US	USA	2013	51
Sportech-NYX Gaming, LLC	Provides online products and services in the US for social and play-to-play gaming	USA	2013	50
S&S Venues California, LLC	Sports bars with wagering facilities in California, USA	USA	2013	50

On 3 July 2015, the Group disposed of its 50% share in Sportech-NYX Gaming, LLC to its joint venture partner. The net gain on disposal has been recognised in the income statement within exceptional income (see note 5).

	Six months ended 30 June 2015 (Unaudited) £m	Six months ended 30 June 2014 (Unaudited) £m	Year ended 31 December 2014 (Audited) £m
Opening net investment	**2.2**	0.5	0.5
Additions	**2.0**	0.3	1.9
Acquisition of controlling interest in S&S Venues California, LLC (note 10)	**(0.5)**	—	—
Disposal (note 5)	**(1.9)**	—	—
Share of loss after tax	**(0.4)**	(0.1)	(0.2)
Closing net investment	**1.4**	0.7	2.2

During the period, the Group renegotiated the agreement with Silky Sullivan Group LLC in relation to the joint venture company S&S Venues California, LLC, to increase the Group's share of the venue being constructed in North Corona ("Norco"), California, from 50% to 80%. Simultaneously the Group obtained control of this venue, and as such this venue is now consolidated into the Group's results in full as a subsidiary, with non-controlling interest disclosed within equity. The venue being constructed in San Diego, California is to remain a joint venture. The result of Norco for the period to the date of the revised agreement was £nil profit after tax and the net assets were £0.6m, being asset under construction.

Despite the Group's 51% ownership in Picklive USA LLC, the entity is considered to be jointly controlled. Therefore the investment is treated as that of a joint venture, and its results have been equity accounted in accordance with IFRS 11.

The Group's share of the results in its joint ventures held during the period, and its share of the aggregated assets and liabilities of joint ventures held at period end, are as follows:

	Six months ended 30 June 2015 (Unaudited) £m	Six months ended 30 June 2014 (Unaudited) £m	Year ended 31 December 2014 (Audited) £m
Non-current assets	**0.4**	0.1	1.5
Current assets	**1.1**	0.2	0.9
Total assets	**1.5**	0.3	2.4
Current liabilities	**(0.1)**	(0.3)	(0.2)
Net assets	**1.4**	—	2.2
Total revenue	—	—	—
Expenses	**(0.4)**	(0.1)	(0.2)

The Group's share of joint venture capital commitments amounted to £0.7m (30 June 2014: £nil; 31 December 2014: £nil).

12. Trade and other receivables

Current	Six months ended 30 June 2015 (Unaudited) £m	Six months ended 30 June 2014 (Unaudited) £m	Year ended 31 December 2014 (Audited) £m
Trade and other receivables	**9.5**	9.9	10.4
Consideration receivable	**9.8**	—	—
Total trade and other receivables	**19.3**	9.9	10.4

Current consideration receivable was settled post period end in cash of £5.1m, and 2.2m ordinary shares of NYX Gaming Group Limited ("NYX"), equating to an aggregate value of £4.5m based on the share price on the date of receipt of the shares (16 July 2015) of CAD $4.06 per share. The value of the shares at disposal date (3 July 2015) was £4.7m and the fair value loss on consideration receivable of £0.2m from disposal date to date of receipt of the shares will be charged to the income statement in exceptional costs in H2 2015. The disposal date represents the final stock market trading day for the period, and therefore £4.7m is the fair value of those shares receivable at period end. Once received, shares represent an available for sale financial asset in accordance with IAS 39. Accordingly, the shares will be revalued to their fair value at each reporting date, with gains/(losses) recognised in other comprehensive income until their ultimate disposal by the Group. The NYX share price as at 18 August 2015 was CAD $2.65.

Furthermore, as a condition to the disposal, NYX are required to pay the Group CAD $1.0m for each customer to go-live on the NYX Real Money Wagering Platform in the US, its territories and Commonwealth, Canada and all sovereign Indian Nations in these countries prior to 28 May 2020, up to a maximum of CAD $3.0m. Management believe that NYX will acquire at least three customers to the relevant platform within the next five years and as such have accrued for the contingent consideration in full (discounted to today's value at a rate of 8.3%). This contingent consideration of £1.1m has been included within non-current trade and other receivables.

Non-current trade and other receivables also includes £0.9m of accrued income due after more than 12 months (30 June 2014: £1.3m; 31 December 2014: £1.2m).

13. Provisions

	Onerous contracts £m	**Other provisions £m**	**Total £m**
At 1 January 2015 (audited)	0.3	0.3	0.6
Released to income	(0.1)	—	(0.1)
At 30 June 2015 (unaudited)	**0.2**	**0.3**	**0.5**

	Onerous contracts £m	Other provisions £m	Total £m
At 1 January 2014 (audited), at 30 June 2014 (unaudited), and at 31 December 2014 (audited)	0.3	0.3	0.6

Provisions have been recognised where the Group has contractual obligations to provide services where the estimated unavoidable costs to carry out the obligation exceed the expected future economic benefits to be received. Other provisions include provisions for obligations to reinstate property to its original condition at the start of the lease term. Of the provisions included in the above tables, £0.1m are expected to be utilised within twelve months (30 June 2014: £0.2m; 31 December 2014: £0.2m) and £0.4m (30 June 2014: £0.4m; 31 December 2014: £0.4m) are expected to be utilised after twelve months.

14. Financial liabilities

	As at 30 June 2015 (Unaudited) £m	As at 30 June 2014 (Unaudited) £m	As at 31 December 2014 (Audited) £m
Current			
Deferred consideration due within one year	**—**	0.7	—
Total current financial liabilities	**—**	0.7	—
Non-current			
Drawn revolving credit facility due after one year	**68.6**	—	70.1
Deferred consideration due after one year	**0.7**	0.6	0.5
Total non-current financial liabilities	**69.3**	0.6	70.6
Total financial liabilities	**69.3**	1.3	70.6

The Group's multi-currency, revolving credit facility bore interest during the period based on LIBOR plus a bank margin of 3.0% (based on leverage levels). The borrowings are secured by a composite debenture incorporating fixed and floating charges over all assets (excluding monies standing to credit of trust accounts) and undertakings of Sportech PLC, all UK trading companies, UK holding companies of overseas entities and Racing Technology Ireland Limited. In addition, share charges have been entered into in respect of shares in Sportech Inc., Sportech Venues Inc., Sportech Racing LLC, Trackplay LLC and eBet Technologies Inc. (all are US companies).

The carrying amounts of borrowings are not materially different from their fair values as market rates of interest are charged.

Data Tote contingent consideration
There is potential for contingent consideration on the acquisition of Datatote (England) Limited ("Data Tote") in September 2014 of up to £1.0m to be payable if the Data Tote business' EBITDA for the period from 1 July 2014 to 30 June 2016 reaches the following:

- less than £2.0m – the contingent consideration payable will equal £nil; and
- equal or greater than £2.0m – the contingent consideration payable will equal £0.5m plus £1.00 for every £1.00 that the Data Tote business exceeds £2.0m by, up to a maximum amount payable of £1.0m.

The amount payable is due five business days after the date on which the calculation of the earn-out EBITDA becomes final and binding.

The Directors continue to believe the potential consideration payable has a fair value of £0.1m, representing the present value of the Group's estimate of the probability weighted cash outflow (discounted at 8.3%). An additional £0.9m of potential consideration payable has been treated as employment costs under IFRS 3 'Business Combinations' (revised) and will accordingly be accrued on a time appointed basis to 30 June 2016.

Bump contingent consideration
There is potential for contingent consideration on the acquisition of Bump Worldwide Inc. ("Bump") of up to £5.1m to be payable dependant on the Bump business' EBITDA for the period 1 January 2016 to 31 December 2016. This is split between the following two elements:

- an amount equivalent to the 2016 EBITDA earned by Bump, up to a maximum consideration payable of £4.3m; and
- if 2016 EBITDA earned by Bump exceeds £0.8m, an additional contingent consideration will be payable equivalent to that excess up to a maximum of £0.8m.

The amount payable is due subsequent to the finalisation of the 2016 financial statements.

The Directors continue to believe that consideration of £0.3m will be payable in respect of these performance targets. This is treated as employment costs under IFRS 3 and will accordingly be accrued on a time apportioned basis to 31 December 2016.

15. Contingent liability and contingent asset

Contingent liability
HMRC has challenged the fully taxable status of Sportech PLC in relation to VAT. It is management's belief that Sportech PLC is an active holding company and that it conducts wholly economic activities. Accordingly there should be no restriction on the recovery of VAT on costs incurred. HMRC have issued assessments for £450,000 in relation to the period 1 January 2011 to 31 December 2013 for alleged over-recovered input VAT. HMRC have confirmed that payment of these assessments is not required at this time and they have deferred enforcing payment and appeal of these assessments until HMRC has issued guidance on its interpretation of the European Court of Justice verdict in relation to the Larentia + Minerva ("L&M") case. This case dealt with the same VAT recovery issues as under dispute by Sportech PLC and was found in the tax payer's favour. We expect this interpretation to be issued by HMRC in September 2015.

Given it is management's current expectation that the assessments will be repealed in full following the L&M verdict, no provision has been accounted for in the interim financial statements. The amount is being disclosed as a contingent liability in accordance with IAS 37, due to the possibility of HMRC proceeding to enforce the assessments.

Contingent asset
The Board has previously announced that the Group had submitted a claim for in excess of £40.0m to HMRC for the repayment of VAT overpaid in respect of the "Spot the Ball" game from 1979 to 1996. Interest may also be added to the principal sum claimed, which, if successful, given the timeframe of the claim, could increase the sum claimed to approximately £97.0m. Following a successful outcome at the First-tier Tax Tribunal an appeal by HMRC was heard at the Upper Tribunal in April 2014 and the Group was informed in September 2014 that HMRC's appeal had been successful. The Group has appealed this verdict and the appeal will be heard at the Court of Appeal on 3 November 2015. Accordingly, the claim has not been recognised in the Group's financial statements.

16. Cash flow from operating activities

Reconciliation of profit/(loss) before taxation to cash flows from operating activities

	Six months ended 30 June 2015 (Unaudited) £m	Six months ended 30 June 2014 (Unaudited) £m	Year ended 31 December 2014 (Audited) £m
Profit/(loss) before taxation	**7.9**	87.8	(20.0)
Adjustments for:			
Exceptional costs	**0.9**	0.7	2.3
Exceptional income	**(8.1)**	(35.1)	—
Share of loss after tax of joint ventures	**0.4**	0.1	0.2
Depreciation	**1.6**	1.4	3.0
Amortisation of acquired intangibles and impairment of goodwill	**4.3**	3.5	32.2
Amortisation of other intangibles	**2.1**	1.5	3.2
Finance charges	**1.6**	1.8	2.8
Exceptional finance income	**—**	(52.0)	—
Other finance charges/(income)	**—**	1.3	(0.3)
Share option expense	**0.3**	1.0	0.6
Movement in retirement benefit obligations	**—**	—	(0.2)
Changes in working capital:			
Decrease/(increase) in trade and other receivables	**0.9**	(1.9)	(2.1)
Increase in inventories	**(0.6)**	(0.1)	—
Decrease in trade and other payables	**(1.6)**	(2.2)	(1.3)
Decrease in provisions	**(0.1)**	—	—
Cash flows from operating activities	**9.6**	7.8	20.4

Non-cash transactions

There were no significant non-cash transactions during the period (six months to 30 June 2014: £nil; year ended 31 December 2014: £nil).

17. Related party transactions

The extent of transactions with related parties of the Group and the nature of the relationship with them are summarised below.

a. Key management compensation is disclosed below:

	Six months ended 30 June 2015 (Unaudited) £m	Six months ended 30 June 2014 (Unaudited) £m	Year ended 31 December 2014 (Audited) £m
Short-term employee benefits	**0.7**	0.9	1.8
Post-employment benefits	**—**	—	0.1
Share-based payments	**0.3**	0.3	0.4
Total	**1.0**	1.2	2.3

b. The Group invested the following amounts into each of its joint ventures during the period:

	Six months ended 30 June 2015 (Unaudited) £m	Six months ended 30 June 2014 (Unaudited) £m	Year ended 31 December 2014 (Audited) £m
Sports Hub Private Limited	**0.1**	0.1	0.2
Sportech-NYX Gaming, LLC	**1.2**	—	0.9
S&S Venues, LLC	**0.7**	—	0.6
Picklive USA, LLC	**—**	0.2	0.2
Total	**2.0**	0.3	1.9

18. Financial risk management and financial instruments

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 December 2014. There have been no changes in risk management or in any key risk management policies since the year end.

Fair value estimation

Non-current assets	**Valuation method used**	**30 June 2015 (Unaudited) £m**	30 June 2014 (Unaudited) £m	31 December 2014 (Audited) £m
Consideration receivable (note 12)	Level 3	**1.1**	—	—
Current assets				
Consideration receivable (note 12)	Level 1	**4.7**	—	—
Current liabilities				
Interest rate swaps	Level 2	**0.2**	0.8	0.5

The above financial instruments are carried at fair value. The valuation methods used are outlined above, with a description of the available valuation methods summarised as follows:

- level 1 – quoted prices (adjusted) in active markets for identical assets or liabilities;
- level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- level 3 – inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs).

The non-current consideration receivable represents management's best estimate of the contingent consideration that will be received from NYX for the disposal of Sportech-NYX Gaming, LLC, discounted at a rate of 8.3%. The receivable is considered to be an available for sale financial asset.

The current consideration receivable is a new available for sale financial asset of the Group, representing shares to be received from NYX for the disposal of Sportech-NYX Gaming, LLC. The shares are measured at their quoted price on the Toronto Stock Exchange at the period end date. The date of disposal coincides with the final stock exchange trading day of the period, and therefore there are no fair value movements on this asset recognised in the six months ended 30 June 2015.

The valuation method used for the interest rate swaps is equivalent to that used in previous periods. The fair value of the interest rates swaps is calculated as the present value of the estimated future cash flows based on observable yield curves. The fair value calculations are prepared by an external party and reviewed by the Group Finance team.

Statement of Directors' responsibilities

The Directors confirm that these condensed consolidated interim financial statements have been prepared in accordance with IAS 34 as adopted by the European Union and that the Interim Management Report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months and any material changes in the related party transactions described in the last Annual Report and Accounts.

The Directors of Sportech PLC are listed in the Sportech PLC Annual Report and Accounts for the year ended 31 December 2014. There have been no changes in the period.

A list of current Directors is maintained on the Sportech PLC website: www.sportechplc.com.

On behalf of the Board

Ian Penrose	Cliff Baty
Chief Executive	Chief Financial Officer
20 August 2015	20 August 2015