24 August 2016

Sportech PLC ("Sportech" or the "Group")
Interim results for the six months ended 30 June 2016

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 2016.

Group Highlights

- Total Group EBITDA of £11.1m in line with that reported in prior year (£11.0m)
- EBITDA from continuing channels[1] increased by 5% to £11.1m from £10.6m
- Sportech Racing and Digital – previous investment in technologies and opening of Singapore office continues to deliver new international customers
- Sportech Venues - construction of flagship Stamford venue has commenced; sports bar opened in San Diego, California
- Football Pools - completed key modernisation milestones and demonstrating earnings stability
- VAT claim - The Court of Appeal unanimously ruled in favour of the Group in the £97m Spot the Ball VAT refund case. The Group expects the outcome of HMRC's direct appeal to the Supreme Court in Autumn 2016
- Discussions continue regarding a possible sale of the Football Pools

Financial Highlights

	Reported 2016 H1 £m	Reported 2015 H1 £m	Change %
Revenue	48.7	51.0	-5%
EBITDA[2]	11.1	11.0	1%
Adjusted profit before tax[3]	5.6	5.4	4%
Statutory profit before tax	2.7	7.9	-66%
Net cash/(debt)	36.2	(61.1)	159%
Adjusted net debt[4]	(59.8)	(63.3)	6%

- Adjusted profit before tax has grown by 4%
- Reduction in statutory profit before tax owing largely to the £8.1m profit generated last year on the one off disposal of our online gaming interests in New Jersey in 2015 to NYX
- Following the receipt of the £93.3m VAT repayment, the Group holds net cash of £36.2m, improved from a net debt position of £61.1m at June 2015 - adjusted net debt has reduced by 6% from June 2015
- On a constant currency basis, EBITDA from continuing channels increased by 1% (2015: £11.0m) whilst revenue declined by 3% (2015: £50.1m)
- Sportech Racing and Digital – recovered from loss of contracts in California and Germany, with efficient redeployment of capital and new contract wins delivering margin growth and preserving EBITDA at £4.3m
- Sportech Venues – online handle growth delivered overall earnings in line with prior year, largely offsetting the anticipated industry handle decline to deliver EBITDA of £1.5m
- Football Pools – EBITDA from continuing core channels of £7.0m in line with prior year

Ian Penrose, Chief Executive of Sportech PLC, said:

"I am pleased to report that the Group had a good first half and is trading in line with management's expectations. We have reached a key stage in our development, as our US business makes progress in both existing and new markets around the world, and our Football Pools business has reached expected stability after a number of years of modernisation.

Overall, the Board is pleased with the strategic position that each of its divisions has secured, whilst recognising that each division will require further investment, ahead of anticipated revenue and profit benefits, to enable them to deliver their full potential.

We look forward to delivering further progress in 2016 as we endeavour to return the Group to growth."

(1) 2015 revenue and EBITDA from continuing channels are those at reported currency excluding the results of the closed collector channel.
(2) EBITDA is stated before exceptional costs, impairment of assets and share option expense.
(3) Adjusted profit figures are stated before amortisation of acquired intangibles, impairment of assets, exceptional items, share of loss after tax and impairment of joint ventures and associates, and other finance income.
(4) Adjusted net debt represents cash balances net of overdrafts and bank debt, excluding the Spot the Ball VAT repayment and customer funds.

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Forward-looking statements

Certain statements in this Interims Statement are forward-looking. Although the Group believes that the expectations reflected in this forward-looking statement are reasonable, it can give no assurance that these expectations will prove to be correct. As these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements.

Sportech PLC ("Sportech" or the "Group")
Preliminary results for the six months ended 30 June 2016

Group Overview

Sportech is one of the world's leading pool betting operators and technology suppliers, focused on highly regulated markets worldwide.

The Group comprises three divisions: Racing and Digital, Venues and The Football Pools. Both the Racing and Digital (which processes over $11 billion bets annually) and Venues (which operates legal betting exclusively and in perpetuity in Connecticut in venues, online and mobile) divisions are based in the US and Canada, where we employ 630 people across field operations and four corporate offices. We are licensed by gaming regulators in 28 US States. The Football Pools is based in the UK, and is the oldest football gaming business in the world.

The Group is benefiting from its strategic initiatives to grow its international operations, and now generates nearly 70% of its revenues overseas.

Group Financial Overview

	Revenue		EBITDA	
£m	**2016 H1**	2015 H1*	**2016 H1**	2015 H1*
Sportech Racing and Digital	**17.8**	18.1	**4.3**	4.3
Sportech Venues	**17.4**	18.0	**1.5**	1.6
Football Pools – continuing channels	**14.0**	14.4	**7.0**	7.0
Trading divisions	**49.2**	50.5	**12.8**	12.9
Inter-segment elimination and corporate costs	**(0.5)**	(0.4)	**(1.7)**	(1.9)
Results from continuing channels	**48.7**	50.1	**11.1**	11.0
Football Pools – closed collector channel	**—**	2.8	**—**	0.4
Total Group at constant currency	**48.7**	52.9	**11.1**	11.4
FX effect	**—**	(1.9)	**—**	(0.4)
Total Group	**48.7**	51.0	**11.1**	11.0

* 2015 divisional results are at "constant currency", retranslated using 2016 exchange rates.

At constant currency, excluding the results of the closed collector channel in the Football Pools, Group EBITDA has increased by £0.1m and revenue has reduced by £1.4m (3%).

Sportech Racing and Digital

(i) Sportech Racing and Digital: Business Review

Over the past five years, we have substantially invested in new and improved betting technology products and licensing in order to create a leading gaming technology business, servicing the global horseracing industry and more recently, the North American sports industry.

In order to build upon our long term market strength in North America and Europe and to increase our global presence, we have established a base in Singapore with the aim of driving expansion into the significant Asian market. This has led to several new contracts for the supply of Tote system software and hardware this year. New customers include the Macau Jockey Club, Royal Sabah Turf Club in Malaysia, and Vung Tau greyhound track in Vietnam, to whom we have supplied a full range of betting software and hardware, including our Quantum™ Tote System and newly developed BetJet Aero™ terminals. Contracts include ongoing software licensing, maintenance and support services.

The installation of our Quantum™ Tote system for Betfred in the UK is now largely complete and fully operational. The system now processes all Tote bets on live UK Racing from all UK domestic and international sources. We continue to provide licensing and software maintenance services to Betfred under its existing contract. Additional new customer facing products will shortly be trialled by Betfred.

We continue to renew existing contracts and to secure new business in our core North American market, and are pleased that we opened live racing for new customers including Lone Star Park in Texas, Remington Park in Oklahoma, and Kentucky Downs.

Our Bump 50:50 business which supplies in-stadia electronic lotteries to professional sports teams is growing rapidly, from a customer base of seven in June 2014 to 33 professional sports teams today. Importantly the business is also now profitable. New customers obtained in the first half of the year include the Dallas Cowboys and Miami Dolphins from the NFL, Dallas Stars (NHL) and our first MLB team, San Diego Padres.

In February 2016, the Group's existing joint venture with Playwin, India's largest lottery provider, commenced supplying technology to an Indian company engaged to provide pool services for a Sikkim license holder. Initial feedback has been positive as the market for gaming in Sikkim develops.

(ii) Sportech Racing and Digital: Financial Review

	Revenue		**EBITDA**	
£m	**2016 H1**	2015 H1*	**2016 H1**	2015 H1*
Tote services and maintenance contracts	**13.0**	14.4	**2.3**	3.1
System software and equipment sales	**3.5**	2.4	**1.7**	1.0
Digital service contracts	**1.3**	1.3	**0.3**	0.2
FX effect	**—**	(0.9)	**—**	(0.2)
Total	**17.8**	17.2	**4.3**	4.1

* 2015 channel results are at "constant currency", retranslated using 2016 exchange rates.

Total revenue has increased to £17.8m (2015: £17.2m) and EBITDA for the division was also ahead for the first six months, at £4.3m (2015: £4.1m). Variances to prior year include foreign exchange benefits in revenue and EBITDA of £0.9m and £0.2m respectively.

Our results demonstrate the effective repositioning of the business following the loss of our former California Tote contract in October 2015 (which alone contributed revenues of $1.8m in the six months ended June 2015) and the exit from our loss making German Tote contract at the end of 2015. A significant amount of the hardware from these tote service contracts has been redeployed as part of our contract renewal process and in securing new business. New service contracts, including Lone Star Park and Remington Park, have each made a positive contribution towards earnings for the division.

Revenue from system software and equipment sales has increased by £1.1m (46%), much of which has been generated as a result of our increased activities in Asia, demonstrating the benefit of our expanded international focus in recent years.

Digital has performed in line with prior year and our expectations for H1, and is positioned well for growth as we roll out our digital solutions to customers, most notably with Penn National Gaming in the US.

Sportech Venues

(i) Sportech Venues: Business Review

In the State of Connecticut, Sportech Venues operates all betting on horseracing, greyhound racing and Jai Alai under an exclusive and in perpetuity licence for retail, telephone and online. The business, which is operated with close consultation and oversight from the State, is the only legally permitted betting operator in Connecticut outside of the tribal casinos.

We continue to develop our retail estate as we endeavour to broaden our revenue streams, increase the product offering and create a modern environment to eat, drink and place bets. We have now commenced the construction of a $7m flagship sports bar, restaurant and betting venue in downtown Stamford, due to open in Spring 2017. This venue, in common with our venue in Bradley, is being developed in partnership with Bobby Valentine, who will relocate his existing Stamford sports bar and restaurant into the new facility. Additional smaller refurbishments were carried out in Manchester and Putnam.

The business currently offers wagering on horseracing, greyhounds and Jai Alai. In due course, dependent on there being changes in the regulatory environment, we intend to develop these operations into a wider portfolio of sports and gaming products. This will help earn additional revenues from a balanced and complementary suite of products, and also generate additional tax revenues and employment opportunities for the State. We remain in close contact with the appropriate regulatory authorities.

We have appointed CBRE as property agents to unlock value at our 9 acre Sports Haven site in New Haven, Connecticut, which will enable us to reinvest in other opportunities across the Group.

Our business strategy has been extended from Connecticut into California, where the Group has an agreement to develop up to ten new sports bar, restaurant and betting venues across Southern California under the brand name "Striders". The first of these had its official launch in San Diego in January 2016, and is performing in line with expectations.

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.

(ii) Sportech Venues: Financial Review

		Revenue		EBITDA	
£m		**2016 H1**	2015 H1*	**2016 H1**	2015 H1*
Venues	- Connecticut	**14.7**	15.4	**1.4**	1.4
Other Venues	- Netherlands	**2.5**	2.3	**0.1**	0.1
	- California	**0.2**	0.3	**—**	0.1
FX effect		**—**	(1.0)	**—**	(0.2)
Total		**17.4**	17.0	**1.5**	1.4

* 2015 channel results are at "constant currency", retranslated using 2016 exchange rates.

Overall revenues and EBITDA for the division are broadly in line with prior year at £17.4m and £1.5m respectively. On a constant currency basis, revenue has fallen by £0.6m, and EBITDA has reduced by £0.1m.

Handle was impacted this year against prior year with no triple-crown contender in the biggest sequence of three races in the US in May and June. Last year, American Pharaoh won the triple-crown for the first time in 30 years, and grabbed the nation's attention. We also continue to see the decline in industry handle across the US impacting our Connecticut retail business. However our online betting platform ("ADW") benefitted from the continual drift towards digital products with a 19% increase in handle. We also saw betting volumes on Jai Alai increasing by 38% following the reopening of the Dania venue in Florida.

We are encouraged that our innovative sports bar, restaurant and betting concept is beginning to produce positive results. At our Bradley venue we generated EBITDA of $0.4m and revenues were up by 18%, with our food and beverage operation moving into profit for the first time. This bodes well for our new flagship venue which will open in downtown Stamford, close to the New York border.

The business remains focused on its cost base, which is tightly controlled. In June, we completed the relocation of our offices in New Haven into our Sports Haven location in order to drive better operational integration and further cost savings.

In the Netherlands and California the combined revenues and EBITDA were in line with prior year.

The Football Pools

(i) Football Pools: Business Review

We have spent many years implementing significant operational and technological change in order to turn around the fortunes of our 93 year old football gaming business. We are pleased therefore that the final important stages in this process were implemented in the first half of the year, such that the business now has strong foundations to move forward.

The logistically challenging and cost intensive paper coupon collector network, which has been in decline for many years, was closed. Customers from this network are now transacting with the business on a subscription or digital basis. A new database system is now in operation following a lengthy process to move away from old legacy systems.

Having made significant improvements in technology, we are now able to extend the distribution of our products digitally through the launch of The Football Pools App. Such digital initiatives make the Pools games more accessible, thereby attracting new customers, new revenues and stronger customer retention levels.

We have also continued to develop new products to drive additional revenues and increase customer engagement. This summer, we have introduced pool games with cash out functionality to footballpools.com (in partnership with Colossus) and a new online Spot the Ball game to replace the traditional Spot the Ball paper coupon offering.

Our strategy for The Football Pools has been to achieve stability in 2016 and to provide the firm foundations for growth thereafter.

(ii) Football Pools: Financial Review

	Revenue		**EBITDA**	
£m	**2016 H1**	2015 H1	**2016 H1**	2015 H1
Continuing channels – Subscription and Wallet	**14.0**	14.4	**7.0**	7.0
Closed collector channel	**—**	2.8	**—**	0.4
Total	**14.0**	17.2	**7.0**	7.4

We are pleased that the results for the first half of 2016 are in line with expectations, with EBITDA of £7.0m equivalent to prior year after excluding the results of the closed collector channel. Revenues of those continuing channels are down by only 3%.

Weekly spend per Classic Pools customer has increased by 2% to £3.08 per week. Total new player acquisition in the six month period was 10,000, with 53% being recruited online. Total customer numbers at June 30 2016 were 220,000 (2015: 234,000), with 63% of our Classic Pools customer base now playing by direct debit.

These initiatives were complemented by a continued focus on the cost base, which reduced from previous year.

The first half of 2015 also benefited from a contribution of £0.4m from the now closed collector channel. Losses of £0.2m incurred subsequent to the announced closure of the collector channel in 2016 are treated as exceptional costs.

Corporate costs

Corporate costs of £1.7m (2015: £1.9m) have been reduced by 11% and remain tightly controlled. In addition, we also have a non-cash share option expense under IFRS 2 of £0.1m (2015: £0.3m).

Depreciation and amortisation

The Group's normal depreciation and amortisation charge increased in the period to £4.0m (2015: £3.7m), owing principally to the ongoing capital expenditure of our businesses in North America.

The Group incurred a non-cash amortisation charge of £0.3m (2015: £0.6m) on the intangible assets acquired with eBet in 2012, Datatote in 2013 and Bump in 2014.

Exceptional costs

The Group has incurred exceptional administration costs of £4.5m (2015: £0.9m) in the six-month period. Of those costs, £2.5m relates to the modernisation of the Football Pools division (representing £2.3m of restructure costs and £0.2m of losses in winding down and closing the collector channel). Costs of £1.5m (2015: £0.3m) have been incurred in relation to ongoing corporate activity. A further £0.5m of other exceptional costs have been incurred in the period.

Net finance costs

The Group has reduced its net interest costs in the period to £1.4m (2015: £1.6m) due to the lower average levels of net debt. In addition, other finance income amounted to £2.3m (2015: £nil) representing foreign exchange gains on inter-company loans and cash balances held.

Taxation

A tax charge for the period of £0.9m (2015: £3.8m) has been provided at the weighted average applicable tax rate for the Group of 21.0% (2015: 17.0%) together with the tax effects of permanent differences and other adjustments. The reduction in the Group's tax charge owes largely to the 2015 disposal of Sportech-NYX Gaming, LLC which incurred a deferred tax charge of £3.1m that is non-recurring. The underlying effective tax rate has increased as a result of increased profits generated in higher tax rate jurisdictions.

The Group has a net deferred tax asset of £0.9m (2015 net liability: £1.8m), representing primarily foreign taxes withheld which can be utilised against future profits. Tax payments of £1.1m were made during the period (2015: £0.8m), principally representing final payments for prior-year tax liabilities and overseas tax deducted at source.

VAT claim

On 4 May 2016 the Court of Appeal judges found unanimously in favour of the Group in respect of its £97.0m VAT reclaim relating to its "Spot the Ball" game. On 13 May 2016, HMRC sought permission from the Court of Appeal to appeal to the Supreme Court, which was refused. We announced on 6 June 2016 that HMRC had lodged an application to appeal directly to the Supreme Court with a decision on whether to hear the appeal expected in Autumn 2016.

HMRC has paid the Group £93.3m, with the remaining balance still to be paid to the Group. The Group will not recognise any income in respect of this claim until its final determination.

Net debt

Following the receipt of the £93.3m VAT claim from HMRC, the Group has a net cash position of £36.2m at 30 June 2016. Excluding the VAT repayment and cash held on behalf of customers, the Group has reduced its adjusted net debt by 6% to £59.8m.

The existing bank facility of £75.0m is in place until August 2018 with a banking syndicate of Royal Bank of Scotland plc, Barclays Bank PLC and Bank of Scotland plc. The Group's bank leverage ratio for covenant testing purposes (adjusted net debt/adjusted EBITDA) at the reporting date is 2.57x, comfortably satisfying the covenant test of 3.00x. This leverage covenant reduces to 2.75x in December 2016 and 2.50x in June 2017.

Foreign exchange

The Group is now generating nearly 60% and 10% of revenues in USD and Euros respectively. Movements in overseas currency rates are closely monitored by management and action taken to minimise cash flow risk arising from this. The Group has benefited in its reported results from the weakening of GBP from H1 2015, with an EBITDA benefit versus prior year of £0.4m. The Group expects to receive further benefit in H2 as a result of recent fluctuations.

Capital expenditure

Capital expenditure in the period of £5.1m (2015: £3.5m) includes platform and product modernisation in the Football Pools, commencement of the Stamford venue build out, and improvement in the Group's Digital offering.

Dividend

The Board will continue to consider the most appropriate dividend policy for the Group. This will take into account ongoing strategic initiatives, the timing of the final outcome of the VAT claim, the underlying performance and capital structure of the Group, and its investment opportunities.

Shareholders' funds

Total equity and the Group's net assets at 30 June 2016 have increased to £132.3m (31 December 2015: £126.2m).

Board and employees

The Group is delighted today to announce the appointment of Richard McGuire as a Non-Executive Director to the Board. Richard has extensive experience in capital markets and the leisure and gaming industries. He previously held a number of Non-Executive directorships, including at Mitchells and Butlers Plc, one of the largest operators of restaurants, pubs and bars in the UK, and Timeweave plc, the joint owner of TurfTV, a dedicated TV channel providing horseracing pictures and data to the vast majority of Licensed Betting Offices in the UK and Ireland.

The Group announces today that David McKeith, who has been a Non-Executive Director since August 2011, has resigned from the Board. We would like to thank David for his contribution and wish him well in the future.

Sportech is a geographically diverse business which places significant demands upon executives and employees. The Board would like to thank them for their dedication and commitment to the Group.

Corporate activity

Discussions continue regarding a possible sale of the Football Pools. A further update will be provided in due course.

Outlook

Sportech has established a unique position in the regulated gaming market worldwide, most notably with our licensed gaming businesses in the US. Following a number of years of significant investment in our technology and licensing, we are now in the position to grow our business, dispose of surplus property assets, benefit from regulatory change and deliver increased value to our shareholders.

We have had a good first half, are trading in line with management expectations, and are looking forward to delivering further progress in 2016.

Ian Penrose
Chief Executive

24 August 2016

Interim consolidated income statement
For the six months ended 30 June 2016

	Note	**Six months ended 30 June 2016 (Unaudited) £m**	Six months ended 30 June 2015 (Unaudited) £m	Year ended 31 December 2015 (Audited) £m
Revenue		**48.7**	51.0	100.2
Cost of sales		**(29.1)**	(29.8)	(58.2)
Gross profit		**19.6**	21.2	42.0
Distribution costs		**(0.1)**	(0.2)	(0.6)
Administrative expenses		**(17.3)**	(19.2)	(36.3)
Other operating income		**—**	8.1	8.1
EBITDA before exceptional items, share option expense and impairment of assets		**11.1**	11.0	23.1
Share option expense		**(0.1)**	(0.3)	(0.5)
Depreciation and amortisation (excluding amortisation of acquired intangibles)		**(4.0)**	(3.7)	(7.6)
Amortisation of acquired intangibles		**(0.3)**	(0.6)	(1.2)
Impairment of assets		**—**	(3.7)	(6.1)
Exceptional income	5	**—**	8.1	8.1
Exceptional costs	5	**(4.5)**	(0.9)	(2.6)
Operating profit		**2.2**	9.9	13.2
Finance charges	6	**(1.4)**	(1.6)	(3.2)
Other finance income	6	**2.3**	—	0.6
Net finance income/(charges)	6	**0.9**	(1.6)	(2.6)
Share of loss after tax and impairment of joint ventures and associates	10	**(0.4)**	(0.4)	(0.9)
Profit before taxation		**2.7**	7.9	9.7
Adjusted profit before taxation *		**5.6**	5.4	11.8
Taxation	7	**(0.9)**	(3.8)	(3.0)
Profit for the period		**1.8**	4.1	6.7
Attributable to:				
Owners of the Company		**1.8**	4.1	6.7
Non-controlling interests		**—**	—	—
		1.8	4.1	6.7
Earnings per share attributable to owners of the Company				
Basic	8	**0.9p**	2.0p	3.3p
Diluted	8	**0.8p**	1.9p	3.1p
Adjusted earnings per share attributable to owners of the Company				
Basic	8	**2.1p**	2.1p	4.4p
Diluted	8	**2.1p**	2.0p	4.2p

* Adjusted profit before taxation is profit before taxation, amortisation of acquired intangibles, impairment of assets, exceptional items, share of loss after tax and impairment of joint ventures and associates, and other finance income.

Interim consolidated statement of comprehensive income
For the six months ended 30 June 2016

	Six months ended 30 June 2016 (Unaudited) £m	Six months ended 30 June 2015 (Unaudited) £m	Year ended 31 December 2015 (Audited) £m
Profit for the period	**1.8**	4.1	6.7
Other comprehensive income/(expense)			
Items that will not be reclassified to profit and loss			
Actuarial gain on retirement benefit obligations	**—**	—	0.2
Deferred tax on movement on retirement benefit obligations	**—**	—	(0.1)
	—	—	0.1
Items that may be subsequently reclassified to profit and loss			
Revaluation of available for sale financial assets	—	—	(1.6)
Currency translation differences	**4.2**	(1.1)	0.6
Other comprehensive income/(expense) for the period, net of tax	**4.2**	(1.1)	(0.9)
Total comprehensive income for the period	**6.0**	3.0	5.8
Attributable to:			
Owners of the Company	**6.0**	3.0	5.8
Non-controlling interests	**—**	—	—
	6.0	3.0	5.8

Interim consolidated statement of changes in equity
For the six months ended 30 June 2016

		Attributable to owners of the Company						
		Other reserves						
	Ordinary shares £m	Share option reserve £m	Pension reserve £m	Currency translation reserve £m	Available-for-sale reserve £m	Retained earnings £m	Non-controlling interests £m	Total £m
At 1 January 2016 (audited)	103.1	2.3	(0.5)	0.5	(1.6)	22.3	0.1	126.2
Comprehensive income								
Profit for the period	—	—	—	—	—	1.8	—	1.8
Other comprehensive income								
Currency translation differences	—	—	—	4.2	—	—	—	4.2
Total comprehensive income	—	—	—	4.2	—	1.8	—	6.0
Transactions with owners								
Share option credit	—	0.1	—	—	—	—	—	0.1
Total changes in equity	—	0.1	—	4.2	—	1.8	—	6.1
At 30 June 2016 (unaudited)	**103.1**	**2.4**	**(0.5)**	**4.7**	**(1.6)**	**24.1**	**0.1**	**132.3**

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 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	—	—	—	—	—	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**

Year ended 31 December 2015		Attributable to Owners of the Company						
		Other reserves						
	Ordinary shares £m	Share option reserve £m	Pension reserve £m	Currency translation reserve £m	Available-for-sale 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 year	—	—	—	—	—	6.7	—	6.7
Other comprehensive income/ (expense)								
Revaluation of available for sale financial asset	—	—	—	—	(1.6)	—	—	(1.6)
Actuarial gain on retirement benefit liability*	—	—	0.1	—	—	—	—	0.1
Currency translation differences	—	—	—	0.6	—	—	—	0.6
Total other comprehensive income/ (expense)	—	—	0.1	0.6	(1.6)	—	—	(0.9)
Total comprehensive income/(expense)	—	—	0.1	0.6	(1.6)	6.7	—	5.8
Transactions with owners								
Share option credit	—	0.5	—	—	—	—	—	0.5
Shares issued in relation to PSP	0.5	(0.5)	—	—	—	—	—	—
Changes in ownership interests								
Acquisition of interests in S&S Venues California, LLC	—	—	—	—	—	—	0.1	0.1
Total transactions with owners of the Company	0.5	—	—	—	—	—	0.1	0.6
Total changes in equity	0.5	—	0.1	0.6	(1.6)	6.7	0.1	6.4
At 31 December 2015 (audited)	**103.1**	**2.3**	**(0.5)**	**0.5**	**(1.6)**	**22.3**	**0.1**	**126.2**

* Net of deferred tax.

Interim consolidated balance sheet
As at 30 June 2016

	Note	**As at 30 June 2016 (Unaudited) £m**	As at 30 June 2015 (Unaudited) Restated £m	As at 31 December 2015 (Audited) Restated £m
ASSETS				
Non-current assets				
Goodwill		**121.3**	121.3	121.3
Intangible fixed assets	9	**45.1**	43.7	42.1
Property, plant and equipment	9	**27.1**	22.3	24.0
Net investment in joint ventures and associates	10	**2.1**	1.4	2.1
Trade and other receivables	11	**2.4**	2.0	2.0
Deferred tax assets		**1.7**	—	1.4
		199.7	190.7	192.9
Current assets				
Trade and other receivables	11	**11.7**	19.3	10.9
Available for sale financial assets	20	**2.9**	—	2.9
Inventories		**2.5**	2.0	2.1
Cash and cash equivalents	12	**36.5**	15.8	7.2
		53.6	37.1	23.1
TOTAL ASSETS		**253.3**	227.8	216.0
LIABILITIES				
Current liabilities				
Derivative financial instruments		**—**	(0.2)	—
Financial liabilities	15	**(0.3)**	—	—
Trade and other payables	13	**(23.1)**	(29.9)	(23.4)
Provisions	14	**(93.4)**	(0.1)	(0.1)
Current tax liabilities		**(1.5)**	(1.3)	(1.3)
		(118.3)	(31.5)	(24.8)
Net current (liabilities)/assets		**(64.7)**	5.6	(1.7)
Non-current liabilities				
Financial liabilities	15	**—**	(69.3)	(62.3)
Retirement benefit liability		**(1.5)**	(1.6)	(1.4)
Provisions	14	**(0.4)**	(0.4)	(0.4)
Deferred tax liabilities		**(0.8)**	(1.8)	(0.9)
		(2.7)	(73.1)	(65.0)
TOTAL LIABILITIES		**(121.0)**	(104.6)	(89.8)
NET ASSETS		**132.3**	123.2	126.2
EQUITY				
Ordinary shares		**103.1**	103.1	103.1
Other reserves		**5.0**	0.3	0.7
Retained earnings		**24.1**	19.7	22.3
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**132.2**	123.1	126.1
Non-controlling interests		**0.1**	0.1	0.1
TOTAL EQUITY		**132.3**	123.2	126.2

Interim consolidated statement of cash flows
For the six months ended 30 June 2016

	Note	**Six months ended 30 June 2016 (Unaudited) £m**	Six months ended 30 June 2015 (Unaudited) Restated £m	Year ended 31 December 2015 (Audited) Restated £m
Cash flows from operating activities				
Cash flows from operations, before exceptional items	17	**10.7**	9.5	19.3
Interest paid		**(1.6)**	(1.5)	(3.2)
Tax paid		**(1.1)**	(0.8)	(2.3)
Net cash generated from operating activities before exceptional items		**8.0**	7.2	13.8
Cash exceptional costs		**(4.0)**	(0.9)	(2.3)
Cash inflow relating to Spot the Ball claim	14	**93.3**	—	—
Net cash from operating activities		**97.3**	6.3	11.5
Cash flows from investing activities				
Investment in joint ventures	10	**(0.3)**	(2.0)	(2.5)
Proceeds received on disposal of Sportech-NYX Gaming, LLC		**—**	—	5.1
Purchase of intangible fixed assets	9	**(2.8)**	(2.2)	(4.9)
Purchase of property, plant and equipment	9	**(2.3)**	(1.3)	(3.4)
Net cash used in investing activities		**(5.4)**	(5.5)	(5.7)
Cash flows from financing activities				
Refinancing fee paid – exceptional cost		**—**	—	(0.3)
Net cash outflow from repayment of borrowings	15	**(62.1)**	(1.5)	(8.0)
Net cash used in financing activities		**(62.1)**	(1.5)	(8.3)
Net increase/(decrease) in net cash and cash equivalents		**29.8**	(0.7)	(2.5)
Exchange gain/(loss) on cash and cash equivalents		**0.6**	(0.4)	(0.3)
At the beginning of the period		**5.8**	8.6	8.6
Net cash and cash equivalents at the end of the period		**36.2**	7.5	5.8
Represented by:				
Cash and cash equivalents	12	**36.5**	15.8	7.2
Bank overdrafts	13	**(0.3)**	(8.3)	(1.4)
Net cash and cash equivalents at the end of the period		**36.2**	7.5	5.8
Loans repayable after one year	15	**—**	(68.6)	(62.1)
Net cash/(debt) at the end of the period		**36.2**	(61.1)	(56.3)
Less customer funds	12	**(2.7)**	(2.2)	(1.4)
Exceptional cash inflow from Spot the Ball claim	14	**(93.3)**	—	—
Adjusted net debt at the end of the period	18	**(59.8)**	(63.3)	(57.7)

Notes to the consolidated interim financial statements
For the six months ended 30 June 2016

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 2016 comprise the Company, its subsidiaries, joint ventures and associates (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 3 July 2016 (2015: 5 July 2015). 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 2016 (2015: 30 June 2015) and the financial position at the same date. 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 24 August 2016.

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 2015 were approved by the Board of Directors on 3 March 2016 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 2015 which have been prepared in accordance with IFRSs as adopted by the European Union.

b. The Group has committed revolving credit banking facilities totalling £75m 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 2017, 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 9%. 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 handle shortfalls to forecast, lower level of terminal sales, lower rates of online growth, and an inability to liquidise short term financial assets.

   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 2015.

d. In March 2016, the IFRS Interpretations Committee ("IFRS IC") issued an agenda decision regarding the treatment of offsetting and cash-pooling arrangements in accordance with IAS 32 *'Financial instruments: Presentation'*. This provided additional guidance on when bank overdrafts in cash-pooling arrangements would meet the requirements for offsetting in accordance with IAS 32. Following this additional guidance, the Group has reviewed its cash-pooling arrangements and has revised its presentation of bank overdrafts to gross up both the cash and overdraft balances at each reporting date. The impact of this at 30 June 2016 is £0.3m of bank overdrafts are presented within trade and other payables. Comparative overdrafts for 30 June 2015 and 31 December 2015 of £8.3m and £1.4m respectively have also been presented within trade and other payables in restated financial statements of those periods, and the corresponding increase is shown within cash and cash equivalents.

During this review of the IFRS IC guidance, the Group has also considered the most appropriate presentation of the cash it holds on behalf of customers. As disclosed in its annual financial statements, the Group has historically presented this cash within trade and other payables, offsetting the liability owing to those customers of an equal and opposite amount. Following this guidance, the Group has revised its presentation of customer cash to show as cash and cash equivalents. The liability owing to players is presented gross within trade and other payables. The impact of this at the reporting date is £2.7m of player liabilities being presented within trade and other payables. Comparative amounts for 30 June 2015 and 31 December 2015 of £2.2m and £1.4m have been presented within trade and other payables in restated financial statements of those periods, and the corresponding increase is shown within cash and cash equivalents.

Both of the above items have no impact on the Group's adjusted net debt used for covenant testing purposes at any of the reporting dates.

e. The principal risks and uncertainties for the Group remain the same as those detailed on pages 14 to 17 of the 2015 Sportech PLC Annual Report and Accounts, where descriptions of mitigating activities carried out by the Group are also outlined. Those risks include regulatory risks, financial risks, product popularity, technological failure, and industry competition.

3. Accounting policies

Subsequent to the IFRS IC guidance issued in 2016, the Group has changed its accounting policy in respect of its cash and cash equivalents. Cash and cash equivalents held on the balance sheet represent cash in hand, cash in vaults, cash held in current accounts, and cash held on behalf of customers. Cash held on behalf of customers is ring fenced in trust accounts and not used to fund the Group's working capital requirements. A corresponding liability is held within trade and other payables for this customer cash. Bank overdrafts are presented within trade and other payables, and not offset against the Group's cash balance unless there is a legally enforceable right to set-off those amounts, and an intention to settle on a net basis.

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 2016 that would impact the Group financial statements. Therefore all other accounting policies applied in these condensed consolidated interim financial statements, aside from cash and cash equivalents as specified above, are consistent with those of the annual financial statements for the year ended 31 December 2015, 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 16	Leases	1 January 2019
IFRS 15	Revenue from contracts with customers	1 January 2018
Amendments to IFRS 9	Financial instruments	1 January 2018

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, 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 2016 (Unaudited)					
	Football Pools £m	Racing and Digital £m	Venues £m	Corporate costs £m	Inter-segment elimination £m	Group £m
Revenue from sale of goods	**14.0**	**3.5**	**—**	**—**	**—**	**17.5**
Revenue from rendering of services	**—**	**14.3**	**17.4**	**—**	**(0.5)**	**31.2**
Total revenue	**14.0**	**17.8**	**17.4**	**—**	**(0.5)**	**48.7**
EBITDA before exceptional items and share option expense	**7.0**	**4.3**	**1.5**	**(1.7)**	**—**	**11.1**
Share option expense	**—**	**—**	**—**	**(0.1)**	**—**	**(0.1)**
Depreciation and amortisation (excluding amortisation of acquired intangibles)	**(1.0)**	**(2.3)**	**(0.7)**	**—**	**—**	**(4.0)**
Segment result before amortisation of acquired intangibles and exceptional items	**6.0**	**2.0**	**0.8**	**(1.8)**	**—**	**7.0**
Amortisation of acquired intangibles	**—**	**(0.3)**	**—**	**—**	**—**	**(0.3)**
Exceptional costs	**(2.6)**	**(0.4)**	**—**	**(1.5)**	**—**	**(4.5)**
Operating profit/(loss)	**3.4**	**1.3**	**0.8**	**(3.3)**	**—**	**2.2**
Net finance income						**0.9**
Share of loss after tax of joint ventures and associates						**(0.4)**
Profit before taxation						**2.7**
Taxation						**(0.9)**
Profit for the period						**1.8**

	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 items 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 assets and exceptional items	6.5	2.1	0.8	(2.4)	—	7.0
Amortisation of acquired intangibles	—	(0.6)	—	—	—	(0.6)
Impairment of assets	—	(3.7)	—	—	—	(3.7)
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 costs						(1.6)
Share of loss after tax of joint venture and associates						(0.4)
Profit before taxation						7.9
Taxation						(3.8)
Profit for the period						4.1

	Year ended 31 December 2015 (Audited)					
	Football Pools £m	Racing and Digital £m	Venues £m	Corporate costs £m	Inter-segment elimination £m	Group £m
Revenue from sale of goods	33.8	4.7	—	—	—	38.5
Revenue from rendering of services	—	29.9	32.7	—	(0.9)	61.7
Total revenue	33.8	34.6	32.7	—	(0.9)	100.2
EBITDA before exceptional items and share option expense	15.2	8.6	2.8	(3.5)	—	23.1
Share option expense	—	—	—	(0.5)	—	(0.5)
Depreciation and amortisation (excluding amortisation of acquired intangibles)	(1.8)	(3.8)	(1.3)	(0.7)	—	(7.6)
Segment result before amortisation of acquired intangibles, impairment of assets and exceptional items	13.4	4.8	1.5	(4.7)	—	15.0
Amortisation of acquired intangibles	—	(1.2)	—	—	—	(1.2)
Impairment of assets	—	(6.1)	—	—	—	(6.1)
Exceptional income	—	8.1	—	—	—	8.1
Exceptional costs	(0.2)	(1.5)	(0.2)	(0.7)	—	(2.6)
Operating profit/(loss)	13.2	4.1	1.3	(5.4)	—	13.2
Net finance costs						(2.6)
Share of loss after tax and impairment of joint ventures and associates						(0.9)
Profit before taxation						9.7
Taxation						(3.0)
Profit for the year						6.7

5. Exceptional items

The net impact on the income statement for the period ended 30 June 2016 as a result of exceptional items is a cost of £4.5m (period ended 30 June 2015: income of £7.4m; year ended 31 December 2015: income of £5.7m), split as follows:

	Six months ended 30 June 2016 (Unaudited) £m	Six months ended 30 June 2015 (Unaudited) £m	Year ended 31 December 2015 (Audited) £m
Included in other operating income:			
Net gain on disposal of Sportech-NYX Gaming, LLC	**—**	(8.1)	(8.1)
Included in administrative expenses:			
Redundancy and restructuring costs in respect of the rationalisation and modernisation of the business	**2.3**	0.2	1.0
Losses incurred post collector channel closure announcement	**0.2**	—	—
Costs and fees in relation to Spot the Ball VAT claim	**0.1**	—	—
Transaction costs	**1.5**	—	0.3
Costs incurred in relation to New Jersey data outage	**0.2**	—	—
Costs incurred in relation to California contract exit	**0.1**	—	0.6
Licensing costs in New Jersey in respect of the acquisition of Sportech Racing	**—**	0.2	0.3
Costs in relation to set up of joint ventures	**—**	0.1	0.2
IFRS 3 employment costs in relation to Datatote (England) Limited and Bump Worldwide, Inc.	**0.1**	0.2	0.2
Release of deferred consideration accrued for Datatote (England) Limited	**—**	—	(0.2)
Realised fair value loss on receipt of shares in NYX Gaming Group Limited	**—**	—	0.2
Other exceptional costs	**—**	0.2	—
	4.5	0.9	2.6
Included in net finance income/(charges):			
Refinancing fee	**—**	—	0.3
Movements on derivative financial instruments post designation as ineffective	**—**	(0.2)	(0.5)
	—	(0.2)	(0.2)
Net exceptional costs/(income)	**4.5**	(7.4)	(5.7)

The Group announced the closure of its collector channel in January 2016. Subsequent to this announcement, the net revenue and costs generated from this channel are deemed to be non-core trading of the Group and are exceptional in nature. Accordingly the net losses have been presented as exceptional costs of £0.2m. Those losses are incurred after generating revenues from this channel of £1.3m in the period.

6. Net finance (income)/charges

	Six months ended 30 June 2016 (Unaudited) £m	Six months ended 30 June 2015 (Unaudited) £m	Year ended 31 December 2015 (Audited) £m
Finance charges:			
Interest payable on bank loans, derivative financial instruments and overdrafts	**1.4**	1.6	3.2
Other finance (income)/charges			
Refinancing fee	**—**	—	0.3
Movement on derivative financial instruments post designation as ineffective	**—**	(0.2)	(0.5)
Foreign exchange (gain)/loss on foreign currency denominated assets and liabilities	**(2.3)**	0.2	(0.4)
Total other finance income	**(2.3)**	—	(0.6)
Net finance (income)/charges	**(0.9)**	1.6	2.6

Included in the above table is net exceptional income of £nil (six months ended 30 June 2015: £0.2m; year ended 31 December 2015: £0.2m).

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 2016 is 21.0% (2015: 17.0%). The increase is a result of a change in mix of profits/(losses) in jurisdictions with varying tax rates.

8. Earnings per share

The calculation of earnings per share ("EPS") is based on the profit attributable to owners of the Company of £1.8m (six months ended 30 June 2015: £4.1m; year ended 31 December 2015: £6.7m) divided by the weighted average number of shares in issue during the period of 206.2m (six months ended 30 June 2015: 205.9m; year ended 31 December 2015: 206.1m).

The calculation of adjusted EPS is based on the adjusted profit after taxation attributable to owners of the Company of £4.4m (six months ended 30 June 2015: £4.3m; year ended 31 December 2015: £9.0m) divided by the weighted average number of shares in issue during the period. Adjusted profit after tax is calculated by applying an estimated adjusted tax charge of 22.1% (six months ended 30 June 2015: 20.6%; year ended 31 December 2015: 23.7%) to adjusted profit before tax, as defined on the face of the income statement. This adjusted tax rate is based on management's best estimate of the underlying tax rate for the year on adjusted profits.

The number of shares that have a dilutive effect on basic and adjusted EPS is 5.6m (six months ended 30 June 2015: 7.0m; year ended 31 December 2015: 8.2m).

9. Intangible fixed assets and property, plant and equipment

	Six months ended 30 June 2016 (Unaudited) £m	Six months ended 30 June 2015 (Unaudited) £m	Year ended 31 December 2015 (Audited) £m
Net book amount at the beginning of the period	**66.1**	67.0	67.0
Acquisition of interests in S&S Venues California, LLC	**—**	0.6	0.6
Additions	**5.1**	3.5	8.4
Depreciation and amortisation	**(4.3)**	(4.3)	(8.8)
Disposals	**—**	—	(3.4)
Cumulative exchange differences	**5.3**	(0.8)	2.3
Net book amount at the end of the period	**72.2**	66.0	66.1

10. Net investment in joint ventures and associates

The Group held the following investments in joint ventures and associates 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
S&S Venues California, LLC	Sports bar with wagering facilities in California	US	2013	50
DraftDay Gaming Group, Inc	Daily fantasy sports business operating in the US	US	2015	39

Movements in the Group's net investments in joint ventures and associates in the period are outlined below:

	Six months ended 30 June 2016 (Unaudited) £m	Six months ended 30 June 2015 (Unaudited) £m	Year ended 31 December 2015 (Audited) £m
Opening net investment	**2.1**	2.2	2.2
Additions	**0.3**	2.0	3.1
Acquisition of controlling interest in S&S Venues California, LLC	—	(0.5)	(0.5)
Disposal	—	(1.9)	(1.9)
Share of loss after tax	**(0.4)**	(0.4)	(0.7)
Impairment	—	—	(0.2)
Currency differences	**0.1**	—	0.1
Closing net investment	**2.1**	1.4	2.1

The Group's obligation to provide management services to DraftDay Gaming Group, Inc. ("DraftDay") came to an end on 4 July 2016, subject to the provision thereafter of transitional services for a 45 day period. In return for negotiating an early exit to the management services agreement, the Group will surrender an equity stake in the business, and will also surrender its Board representation at the end of this transitional period. Therefore the Group will no longer exert significant influence in the company and will cease recognition of DraftDay as an associate investment. The remaining equity stake in the company at the end of this transitional period will be treated as an available for sale financial asset and recognised in accordance with IAS 39 as such from that point.

11. Trade and other receivables

	Six months ended 30 June 2016 (Unaudited) £m	Six months ended 30 June 2015 (Unaudited) £m	Year ended 31 December 2015 (Audited) £m
Non-current			
Trade and other receivables	**2.4**	2.0	2.0
Current			
Trade and other receivables	**11.7**	9.5	10.9
Consideration receivable	—	9.8	—
Total current trade and other receivables	**11.7**	19.3	10.9
Total trade and other receivables	**14.1**	21.3	12.9

Non-current trade and other receivables relate largely to contingent consideration of £1.4m (June 2015: £1.1m; December 2015: £1.2m) due on the 2015 disposal of Sportech-NYX Gaming, LLC to NYX Gaming Group Limited. This amount is payable as CAD $1.0m for each customer that goes 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 continue to believe that NYX will acquire at least three customers to the relevant platform by this date, and therefore continue to recognise the contingent consideration in full (discounted to today's value at a rate of 8.3%).

Other non-current trade and other receivables are accrued income due after one year of £1.0m (June 2015: £0.9m; December 2015: £0.8m).

Consideration receivable shown at June 2015 is cash and share payments due from NYX Gaming Group Limited on disposal of the Group's net investment in Sportech-NYX Gaming, LLC. Both of those elements of consideration were received in H2 2015. The Group continues to hold those shares at the reporting date as an available for sale financial asset in accordance with IAS 39.

12. Cash and cash equivalents

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited) Restated	Year ended 31 December 2015 (Audited) Restated
	£m	£m	£m
Cash and short-term deposits	**33.8**	13.6	5.8
Customer funds	**2.7**	2.2	1.4
Total cash and cash equivalents	**36.5**	15.8	7.2

Customer funds are matched by liabilities of an equal value within trade and other payables (see note 13).

13. Trade and other payables

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited) Restated	Year ended 31 December 2015 (Audited) Restated
	£m	£m	£m
Trade payables	**7.2**	7.0	6.1
Other taxes and social security costs	**1.6**	1.3	1.6
Accruals	**8.0**	7.4	9.5
Deferred income	**3.3**	3.7	3.4
Player liability	**2.7**	2.2	1.4
Bank overdrafts	**0.3**	8.3	1.4
Total trade and other payables	**23.1**	29.9	23.4

14. Provisions

	Onerous contracts	**Other provisions**	**Total**
	£m	£m	£m
At 1 January 2016 (audited)	0.2	0.3	0.5
Charge for year	—	93.3	93.3
At 30 June 2016 (unaudited)	**0.2**	**93.6**	**93.8**

	Onerous contracts	**Other provisions**	**Total**
	£m	£m	£m
At 1 January 2015 (audited)	0.3	0.3	0.6
Released to income	(0.1)	—	(0.1)
At 30 June 2015 (unaudited) and 31 December 2015 (audited)	**0.2**	**0.3**	**0.5**

On 4 May 2016, the Court of Appeal ruled in the Group's favour in respect of its Spot the Ball VAT claim. This led to repayment to the Group of £93.3m in June 2016, with a further amount of approximately £4.0m still to be paid to the Group.

HMRC have appealed to the Supreme Court in respect of this decision. Should the Supreme Court decide to hear the appeal, it must consider there is still a case to consider. Given the history of this litigation, where previous rulings in favour of the Group have been overturned, management are not sufficiently confident as to recognise income for this claim at the reporting date. Allowing for advice received from the Group's legal counsel, and reflecting on the history of this claim and repayments made to HMRC in 2014, management have recognised a provision in full for the value of the claim.

No income will be recognised until such point that the matter is deemed to be a final ruling in a Court of Law.

Provisions have also 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, £93.4m are expected to be utilised within twelve months (30 June 2015: £0.1m; 31 December 2015: £0.1m) and £0.4m (30 June 2015: £0.4m; 31 December 2015: £0.4m) are expected to be utilised after twelve months.

15. Financial liabilities

	As at 30 June 2016 (Unaudited) £m	As at 30 June 2015 (Unaudited) £m	As at 31 December 2015 (Audited) £m
Current			
Deferred consideration due within one year	**0.3**	—	—
Non-current			
Drawn revolving credit facility due after one year	**—**	68.6	62.1
Deferred consideration due after one year	**—**	0.7	0.2
Total non-current financial liabilities	**—**	69.3	62.3
Total financial liabilities	**0.3**	69.3	62.3

The Group's 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).

During the period ended 30 June 2016, the Group repaid its borrowings in full of £62.1m (six months ended 2015: £1.5m; year ended 31 December 2015: £8.0m). The facility of £75.0m has not been cancelled, and remains available to the Group if required from its existing lenders.

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

Bump contingent consideration

EBITDA estimates for Bump continue to indicate that contingent consideration will be due and payable in 2017. This is being treated as employment costs under IFRS 3 "Business Combinations" (Revised) and is accordingly accrued on a time-apportioned basis to 31 December 2016.

16. Contingent items

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.

The Court of Appeal ruled in favour of the Group on 4 May 2016, and amounts totaling £93.3m were repaid to the Group prior to the reporting date. This amount has been fully provided for subject to the final determination by a Court of Law. This is discussed further in note 14.

17. Cash flow from operating activities

Reconciliation of profit before taxation to cash flows from operating activities

	Six months ended 30 June 2016 (Unaudited)	Six months ended 30 June 2015 (Unaudited) Restated	Year ended 31 December 2015 (Audited) Restated
	£m	£m	£m
Profit before taxation	**2.7**	7.9	9.7
Adjustments for:			
Net exceptional costs/(income)	**4.5**	(7.4)	(5.7)
Share of loss after tax and impairment of joint ventures and associates	**0.4**	0.4	0.9
Depreciation	**1.7**	1.6	3.3
Amortisation of acquired intangibles	**0.3**	0.6	1.2
Amortisation of other intangibles	**2.3**	2.1	4.3
Impairment of assets	**—**	3.7	6.1
Finance charges	**1.4**	1.6	3.2
Other finance income, excluding exceptional finance items	**(2.3)**	0.2	(0.4)
Share option expense	**0.1**	0.3	0.5
Movement in retirement benefit obligations	**—**	—	(0.1)
Changes in working capital:			
(Increase)/decrease in trade and other receivables	**(1.2)**	0.9	(0.1)
Increase in inventories	**(0.4)**	(0.6)	(0.6)
(Decrease)/increase in trade and other payables, excluding player liabilities	**(0.1)**	(1.6)	(2.1)
Increase/(decrease) in player liabilities	**1.3**	(0.1)	(0.9)
Decrease in provisions, excluding VAT claim	**—**	(0.1)	—
Cash flows from operating activities, before exceptional items	**10.7**	9.5	19.3

Non-cash transactions
There were no significant non-cash transactions during the period (six months to 30 June 2015: £nil; year ended 31 December 2015: £nil).

18. Risk management

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate 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 2015. There have been no changes in financial risk management or in any key financial risk management policies since the year end.

Capital risk management

The Group monitors capital on the basis of its leverage ratio, which is also used for covenant testing purposes. This ratio is calculated as Adjusted EBITDA divided by Adjusted Net debt. Adjusted EBITDA is defined as EBITDA before exceptional items, impairment of assets and share option charges for the previous twelve month period. Adjusted net debt is calculated as bank debt plus any deferred consideration due under the terms of an acquisition, less net cash and cash equivalents, adding back customer funds. The deferred consideration excludes any contingent consideration treated as employment costs in accordance with IFRS 3 'Business Combinations'.

Movements on the Group's adjusted net debt position in the period are as below:

Six months ended 30 June 2016 (unaudited)	Cash and short term deposits £m	Customer funds £m	Bank overdrafts £m	Bank loans £m	Total £m
Net debt as at 1 January 2016	5.8	1.4	(1.4)	(62.1)	(56.3)
Increase in cash and cash equivalents, including foreign exchange	28.0	1.3	1.1	—	30.4
Repayment of bank loans	—	—	—	62.1	62.1
Net cash at 30 June 2016	**33.8**	**2.7**	**(0.3)**	**—**	**36.2**
Less customer funds					(2.7)
Less exceptional cash inflow from Spot the Ball claim					(93.3)
Adjusted net debt at 30 June 2016					**(59.8)**

Six months ended 30 June 2015 (unaudited)	Cash and short term deposits £m	Customer funds £m	Bank overdrafts £m	Bank loans £m	Total £m
Net debt as at 1 January 2015	6.6	2.3	(0.3)	(70.1)	(61.5)
Increase in cash and cash equivalents, including foreign exchange	7.0	(0.1)	(8.0)	—	(1.1)
Repayment of bank loans	—	—	—	1.5	1.5
Net debt as at 30 June 2015	13.6	2.2	(8.3)	(68.6)	(61.1)
Less customer funds					(2.2)
Adjusted net debt at 30 June 2015					(63.3)

Year ended 31 December 2015 (audited)	Cash and short term deposits £m	Customer funds £m	Bank overdrafts £m	Bank loans £m	Total £m
Net debt as at 1 January 2015	6.6	2.3	(0.3)	(70.1)	(61.5)
Increase in cash and cash equivalents, including foreign exchange	(0.8)	(0.9)	(1.1)	—	(2.8)
Repayment of bank loans	—	—	—	8.0	8.0
Net debt as at 31 December 2015	5.8	1.4	(1.4)	(62.1)	(56.3)
Less customer funds					(1.4)
Adjusted net debt at 31 December 2015					(57.7)

The Group's leverage ratio at each reporting date is as follows:

	30 June 2016 (Unaudited) £m	30 June 2015 (Unaudited) £m	31 December 2015 (Audited) £m
Adjusted EBITDA	**23.2**	22.9	23.1
Adjusted net debt	**59.8**	63.3	57.7
Leverage	**2.57x**	2.76x	2.50x

19. 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 2016 (Unaudited) £m	Six months ended 30 June 2015 (Unaudited) £m	Year ended 31 December 2015 (Audited) £m
Short-term employee benefits	**0.9**	0.7	1.2
Post-employment benefits	**—**	—	0.1
Share-based payments	**—**	0.3	0.3
Total	**0.9**	1.0	1.6

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

	Six months ended 30 June 2016 (Unaudited) £m	Six months ended 30 June 2015 (Unaudited) £m	Year ended 31 December 2015 (Audited) £m
Sportshub Private Limited	—	0.1	0.1
Sportech-NYX Gaming, LLC	—	1.2	1.2
S&S Venues California, LLC	**0.1**	0.7	1.1
Picklive USA, LLC	—	—	0.1
DraftDay Gaming Group, Inc	**0.2**	—	—
Total	**0.3**	2.0	2.5

20. Financial instruments

Fair value estimation

	Note	Valuation method used	**30 June 2016 (Unaudited) £m**	30 June 2015 (Unaudited) £m	31 December 2015 (Audited) £m
Non-current assets					
Contingent consideration receivable from disposal of Sportech-NYX Gaming, LLC	11	Level 3	**1.4**	1.1	1.2
Current assets					
Shares held in NYX Gaming Group Limited (“NYX”)		Level 1	**2.9**	—	2.9
Current liabilities					
Interest rate swaps		Level 2	—	0.2	—

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 fair value of contingent consideration is included in level 3. Management observe market activity including industry growth and pace of regulatory change in determining the probability that the contingent consideration will be received. As outlined in note 11, it is management's belief that NYX will sign up at least three new customers to the relevant platform and therefore the maximum amount of contingent consideration receivable has been recognised.

The fair value of shares held in NYX are included in level 1, using the quoted share price at the reporting date in determining the amount receivable. Fair value movements on those shares are recognised in the available for sale reserve within equity until the date of their disposal, at which point the gains will be realised in the income statement. At the reporting date, the fair value of those shares is £2.9m, with £1.6m held in the available for sale reserve.

The interest rate swaps held at June 2015 elapsed in January 2016.

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.

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

On behalf of the Board

Ian Penrose	Mickey Kalifa
Chief Executive	Chief Financial Officer
24 August 2016	24 August 2016