United Game Tech Group

Combined Financial Statements

For the years ended 31 December 2013, 2014 and 2015

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Management commentary

Group strategy

United Game Tech Group is an integrated service and technology provider in the sports betting and online gaming industry with legal entities in Gibraltar, Malta, Germany and Belgium. It offers multi-channel services to consumers and businesses in the retail and remote gaming industry. The group holds sports betting licences in Gibraltar, Malta (Class 2), Belgium and is listed in position number 7 to be granted a licence to offer sports betting in Germany. In addition, the group holds one of three horse betting licences for Germany, a class 1 and a class 3 licence issued by the Maltese Gaming Authority and a gaming licence from the Gibraltar Betting and Gaming Authority. The current services offered are mainly sports and horse betting, as well as skill games and online live casino. The main markets the group operates in are Germany, Austria and Belgium via retail- and online channels, where permissible, operating through the brands "Digibet" and "Bancobet". The Digibet brand has a long history and an exceptionally good reputation for reliability and client orientation, while Bancobet represents innovation in integrated software and hardware for the sports betting market.

Objectives

Emerging from a merger of Bancobet and Digibet in 2015, the main focus is to integrate and grow the business and its enterprise value over the next 5 years. The objective will be achieved by consolidating the two preceding organisations into one and expanding the proprietary technological platform replacing third party software and offering it to external customers. Additional revenue generation will be achieved by re-launching the Digibet brand and implementing new delivery channels and offerings.

Research and development

The proprietary technological platform is part of a continuous development programme being implemented in both retail and online channels. Substantial investment is being made in improvement and development of soft- and hardware products to improve United Game Tech Group's operations and offer a state of the art betting platform to third parties.

Macro - economic and business sector specific environment

The group's main core target markets are Germany and Austria, which are economically strong and benefit from a growing sports betting industry.

Germany is currently undergoing a prolonged privatisation process of the sports betting and gaming industry, which results in an environment where sports betting is tolerated if offered by regulated and licensed sports betting providers originating from countries within the European Union. Since July 2012 a 5% betting levy has been imposed and the perspective is for a finalisation of a German regulatory environment for sports betting by Q3/2017.

As the German authorities indicated that they would not allow casino services to be included in the licensing process for the time being, Digibet decided to remove its virtual casino services in order not to jeopardise its efforts to be granted a sports betting licence as soon as they become available. This non-regulation of online casino services - which reflects also in the lack of guidelines for VAT treatment of this sales channel for

Gibraltar based casino operators - constitutes an uncertain legal situation and a significant financial risk to Gibraltarian licensed casino operators servicing the German market.

Horse betting is regulated in Germany. There have been three licences granted for online offerings, one of them to digibet Ltd. In retail, the licensing system is on a personal level with the bookmaker. The levy is 5% of the total stakes.

The Austrian betting market is already regulated with a 2% betting levy on revenue and licences being granted under varying frameworks in each individual Austrian state.

The Belgium betting market is now completely regulated by the Belgium Betting Commission which has issued F1, F1 plus and F2 licences and a tax levy of 15% based of the gross gaming revenue.

Course of business and commercial position of the group

The restructuring of the group had a substantial impact on costs and EBITDA / cash flow. Exceptional costs were incurred for legal and consulting fees, marketing and development to improve the technological platform.

Results from operations

Retail sports betting revenue increased by 19% to €71,422k, due to the generally positive development of the market and the addition of franchisees in 2015. Adversely the commission increased by 22% to €17,499k. This is the result of renegotiated contracts with major intermediaries decreasing the margins on sportsbook and the gross profit.

The retail horse betting sportsbook decreased by 33% to €7,367k, due to a general decrease in interest in horse betting in the German market. In line with sports betting commissions, horse betting commissions increased due to the renegotiated contracts with intermediaries. Margins on horse betting and gross profit decreased consequently.

Casino turnover of €821k vs. €22,417k in 2014 is the result of the discontinuation of the virtual Gibraltarian casino operations. In spite of the discontinuation of virtual online casinos, online sportsbook revenue remained stable with a marginal decrease of 4%.

Legal, consulting and marketing expenses in connection with the restructuring of the group resulted in additional costs with a negative impact on operating profit.

Despite these adverse business effects, the overall operating profit increased by 21%. This increase is partially caused by brand licensing income.

Financial position

During 2015, €1,370k operating cash flows were used in operations (vs. €1,543k generated from operations in 2014). This decrease resulted mainly from a drop in profits on ordinary activities, due to the discontinuation of the virtual online casino operations, the increase in intermediary commissions, the higher one-off costs related to the reorganisation and the substantial payment of liabilities (€2,055k) to a related party.

The net cash flow from investing and financing activities experienced no material change when compared to the last year

Liquidity

Due to the adverse business effects, one-off costs from the reorganisation and related party transactions, liquidity was reduced to €1,345k.

Report on post financial year-end events

The group was legally formed on 22nd March 2016 through the contribution of domain names, software, trademarks, intellectual property and 100% of the issued share capital of Digibet Malta Ltd. and digibet Limited (Gibraltar). Prior to this event, United Game Tech was operating de facto as a group throughout 2015.

On 23rd June 2016, United Game Tech Management Limited acquired Digibet Wetten.de AG for a consideration of €150k. This company employs bookmakers and retail sales personnel, and completes the group's sales activities in the German market.

Report on expected developments, opportunities and risk

The newly formed group will reorganise the various departments and entities to realise existing synergies within the operations of Bancobet and Digibet. The different localities and jurisdictions will be reviewed to determine the best way forward in combining the different structures into a merged structure with the objective to provide an optimised service to customers and partners while generally reducing overhead cost and operational expenditures.

There will also be a detailed analysis of revenue and cost streams of the group to identify additional revenue opportunities.

The online horse betting presence on digibet.com is temporarily suspended to prepare for the fulfilment of German horse betting regulations. The offer will be relaunched as soon as the technical platform complies with German regulatory requirements in an efficient manner.

Both horse and sports betting activities are currently operating within separate entities and locations. In 2016, these are to be merged into one uniform operation and third party service providers as well as other suppliers will be subject to systematic reviews in order to aggregate purchasing power. This exercise is expected to provide significant cost savings potential and improve cash flow in all operational verticals.

Until October 2016, Digibet (Malta) Ltd. and digibet Limited are expected to continue using their different betting platforms. digibet Limited uses xTurf, which has been coded in the 1990s, while Digibet (Malta) Ltd. uses the Bancobet proprietary software platform. This platform is currently being redesigned with an entirely new architecture and released as "NG" (Next Generation) starting in September 2016. The NG platform offers a uniquely integrated betting structure on tills, terminals, online and mobile devices.

In the third quarter of 2016, the step-by-step implementation of the NG platform at digibet Limited is expected to commence. This will result in the integration of both brands into Digibet, the discontinuation of the Bancobet brand in the core markets, and the supply of the entire spectrum of sales channels on one unique platform. The Digibet website will be redesigned and the retail shops will undergo a technical and optical upgrade including new hardware systems to align with the new system. The integration through the proprietary NG betting system is a significant achievement. Besides providing the flexibility to continuously develop and expand new and available features, it eliminates dependency on third parties. More immediately, the implementation of NG throughout Digibet will reduce current third party licensing costs by approximately €2 million per annum. As this platform is a fundamental innovation to the existing Digibet customers both online and through the retail channel, the perception of existing Digibet customers can pose a potential risk besides the significant opportunities NG creates in attracting new clients.

In the fourth quarter of 2016, market launch of the new payment product "Digiwhite" is expected. "Digiwhite" is a Digibet specific branded MasterCard and MaestroCard, which incorporates a full service bank account with a player's account, a corresponding mobile app and online banking facility. This banking/gaming product was developed by United Game Tech in cooperation with the Wirecard Group, Europe's largest online payment service provider. It is a complete innovation to both the gaming and the financial services industry and can be expected to attract new customer segments and extends the group's reach into existing gaming customers, who will replace their customer cards with a Digiwhite card.

In 2017, we expect to commence white labelling the NG system, to license it under a class 4 licence with the MGA and offer it to third parties as either a skin solution for different platforms or to operate the system as stand-alone for betting operators. This additional sales channel provides the group with the opportunity to generate additional revenue. In order to avoid self-created competition, the white label offer will have limited functionalities and will be off-limits for jurisdictions the group is operating in.

The group continues to integrate its historically distributed and thus inefficient operations as described above. While this will ultimately result in increased efficiency and significant cost savings, there are associated execution risks especially in a regulated environment. This can result in a postponement of expected cost savings and additional legal expenses. In addition, technological developments, merger costs and expansion in the quality of the workforce have increased the cost base.

To fund its anticipated growth and the liquidity constraints resulting from the necessary preparation activities, the group is in advanced negotiations on various options to raise external financing of up to €10 million through either equity or loan financing or a combination thereof. Possible sources under review are (i) a private placement of up to 10% of newly issued shares in the unregulated section of a German exchange, (ii) cooperation with a leading strategic partner in the industry including equity and debt financing for further expansion, and (iii) various private equity sponsors combining growth and expansion capital in a combination of equity and debt. Expansion financing may include external acquisitions and exceed the number expected for pure growth financing depending upon the relevant conditions and availability of acquisition targets.

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the combined financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the group management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the material opportunities and risks associated with the expected development of the group.

Alexander Zucker
Director

David Sullivan
Director

United Game Tech plc
154, The Strand
Gzira
Malta

9 September 2016

Combined statement of comprehensive income

	Notes	2015 €	2014 €	2013 €
Revenue	2	109,975,395	122,718,604	114,929,028
Cost of sales	3	(104,260,825)	(118,176,143)	(110,078,846)
Other operating income	4	40,496	213,605	246,209
Administrative expenses	5	(4,636,716)	(4,529,165)	(4,711,579)
Finance income	6	9,684	11,202	107,738
Finance costs	6	(53,859)	(22,909)	(18,682)
Profit before tax	7	**1,074,175**	**215,194**	**473,868**
Tax (expense) income	8	(468,173)	33,663	(35,391)
Profit for the year		**606,002**	**248,857**	**438,477**

Combined statement of financial position

	Notes	2015 €	2014 €	2013 €
Assets				
Non-current				
Intangible assets	9	80,813	54,282	-
Property, plant and equipment	10	30,246	19,011	29,351
Deferred tax asset	11	38,720	119,057	33,336
Financial assets		11,650	11,650	-
		161,429	**204,000**	**62,687**
Current				
Trade and other receivables	12	4,726,408	1,916,478	2,487,446
Cash and cash equivalents	13	1,345,517	4,341,548	4,763,716
		6,071,925	**6,258,026**	**7,251,162**
Total assets		**6,233,354**	**6,462,026**	**7,313,849**

Combined statement of financial position – continued

	Notes	2015 €	2014 €	2013 €
Equity				
Share capital		284,540	296,930	46,930
Retained earnings		749,804	2,227,820	4,116,463
Other reserve		541,000	-	-
Total equity	14	**1,575,344**	**2,524,750**	**4,163,393**
Liabilities				
Current				
Trade and other payables	15	4,073,630	3,752,383	3,150,456
Tax payable		584,380	184,893	-
		4,658,010	**3,937,276**	**3,150,456**
Total equity and liabilities		**6,233,354**	**6,462,026**	**7,313,849**

The combined financial statements on pages 6 to 28 were authorised for issue by directors of United Game Tech plc on 9 September 2016:

Alexander Zucker
Director

David Sullivan
Director

Combined statement of changes in equity

	Share capital €	Retained earnings €	Other reserve €	Total equity €
At 1 January 2013	46,930	5,110,986	-	5,157,916
Transactions with owners				
Dividends paid	-	(1,433,000)	-	(1,433,000)
	46,930	3,677,986	-	3,724,916
Profit for the year	-	438,477	-	438,477
As at 31 December 2013	46,930	4,116,463	-	4,163,393
At 1 January 2014	46,930	4,116,463	-	4,163,393
Transactions with owners				
Increase in capital	250,000	-	-	250,000
Dividends paid	-	(2,137,500)	-	(2,137,500)
	296,930	1,978,963	-	2,275,893
Profit for the year	-	248,857	-	248,857
As at 31 December 2014	296,930	2,227,820	-	2,524,750
At 1 January 2015	296,930	2,227,820	-	2,524,750
Transactions with owners				
Decrease in capital	(12,390)	-	-	(12,390)
Dividends paid	-	(2,084,018)	-	(2,084,018)
	284,540	143,802	-	428,342
Profit for the year	-	606,002	-	606,002
Other reserve	-	-	541,000	541,000
As at 31 December 2015	**284,540**	**749,804**	**541,000**	**1,575,344**

Accumulated profit include all current and prior period results as disclosed in the combined statement of comprehensive income. The other reserve is non-distributable.

Combined statement of cash flows

	Notes	2015 €	2014 €	2013 €
Operating activities				
Profit before tax		1,074,175	215,194	473,868
Adjustments	16	55,735	22,454	(75,836)
Net changes in working capital	16	(2,480,673)	1,318,674	376,317
Taxes paid		(19,666)	(12,944)	(74,463)
Net cash used in (generated from) operating activities		**(1,370,429)**	**1,543,378**	**699,886**
Investing activities				
Payments to acquire property, plant and equipment		(78,031)	(77,598)	(4,511)
Interest received		7,934	11,202	107,736
Increase in financial asset		-	(11,650)	-
Net cash used in (generated from) investing activities		**(70,097)**	**(78,046)**	**103,225**
Financing activities				
Payment for newly acquired company		(12,390)	-	-
Proceeds from issue of share capital		-	250,000	-
Shareholder's contribution		541,000	-	-
Dividends paid	14.2	(2,084,017)	(2,137,500)	(1,433,000)
Interest paid		(94)	-	-
Net cash used in financing activities		**(1,555,501)**	**(1,887,500)**	**(1,433,000)**
Net change in cash and cash equivalents		(2,996,031)	(422,168)	(629,889)
Cash and cash equivalents, beginning of year		4,341,548	4,763,716	5,393,605
Cash and cash equivalents, end of year	13	**1,345,517**	**4,341,548**	**4,763,716**

Notes to the combined financial statements

1 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these combined financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

1.1 Basis of preparation

These combined financial statements for the years ended 31 December 2013, 2014 and 2015 have been prepared solely to assist the promoters of United Game Tech Group to present the combined results and financial position of the entities forming part thereof in connection with the listing on a multilateral trading facility (MTF) of 25,046,600 ordinary shares of € 1 each in United Game Tech plc.

United Game Tech plc and United Game Tech Management Limited were registered in Malta on 8 October 2015 and 7 December 2015 respectively. On 22 March 2016 United Game Tech plc acquired digibet Limited, registered in Gibraltar, Digibet (Malta) Limited, registered in Malta (previously called Estraleon Technologies Limited), and its two subsidiaries, United Game Tech GmbH, registered in Germany (previously called Esta GmbH) and Tornado BVBA, registered in Belgium. Consequently until the group was legally constituted in Malta on 22 March 2016 the group was not a legal entity and did not constitute a group of companies within the context of International Financial Reporting Standards (IFRS).

These combined financial statements have been prepared on the basis of the assumption that United Game Tech Group has operated as a legal group and a single consolidated entity at least from 1 January 2013. The combined financial statements for the United Game Tech Group have been prepared by aggregating the financial statements of the entities shown below which, at each balance sheet date, were under common control.

31 December 2015	31 December 2014	31 December 2013
United Game Tech plc	digibet Limited	digibet Limited
United Game Tech Management Limited	Digibet (Malta) Ltd	Digibet (Malta) Ltd
digibet Limited	Tornado BVBA	United Game Tech Service GmbH
Digibet (Malta) Ltd	United Game Tech Service GmbH	
Tornado BVBA		
United Game Tech Service GmbH		

The aggregated financial information has been adjusted to eliminate the impact of all intra-group transactions and balances. This financial information is not necessarily indicative of the United Game Tech Group's financial position and financial performance that would have actually been presented had the group actually operated as a legal group and a single consolidated entity.

1.2 Statement of compliance with IFRS

The combined financial statements of the group have been prepared in accordance with IFRSs as issued by the International Accounting Standards Board (IASB) and adopted by the European Union.

The preparation of the combined financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires the directors of the entities forming part of United Game Tech Group their judgement in the process of applying the group's accounting policies.

1.3 Presentation of financial statements

The combined financial statements are presented in accordance with International Accounting Standards (IAS) 1, *Presentation of Financial Statements*. The group presents all items of income and expense in a single statement of comprehensive income.

These combined financial statements are presented in euro, the group's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the combined financial statements of the group are measured using its functional currency. The functional currency is the currency of the primary economic environment in which the group operates.

1.4 New and revised standards that are effective for annual periods beginning on or after 1 January 2015

Amendments to IFRSs that became mandatorily effective in 2015 have no material impact on the group's financial results or position. Accordingly, the group has made no changes to its accounting policies in 2015.

1.5 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the group

At the date of authorisation of these financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the group. Information on those expected to be relevant to the group's financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the group's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not either adopted or listed below are not expected to have a material impact on the group's financial statements.

IFRS 9 'Financial Instruments' (2014)

The IASB has released IFRS 9 'Financial Instruments' (2014), representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

Management has yet to assess the impact of IFRS 9 on these financial statements. The new standard is required to be applied for annual reporting periods beginning on or after 1 January 2018 subject to endorsement by the EU.

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 '*Revenue*', IAS 11 '*Construction Contracts*', and several revenue-related interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018 subject to endorsement by the EU. Management has not yet assessed the impact of IFRS 15 on the financial statements.

1.6 Revenue

Revenue is measured by reference to the fair value of consideration received or receivable by the group for services provided.

Revenue is recognised to the extent that the revenue can be reliably measured; it is probable that future economic benefits will flow to the group; and the costs incurred or to be incurred can be measured reliably. In addition, the following specific recognition criteria must also be met before revenue is recognised:

Gambling and sportsbook activities

Revenue from gambling activities is stated on the basis of stakes received net of customer winnings and bonuses. Revenue from sportsbook activities is stated on the basis of stakes received. Stakes received are not recognised as turnover until the result of the event on which the stake is placed is known. These open bets are included in deferred income until this time.

Interest income

This is recognised as the interest accrues taking into account the effective yield on the asset.

1.7 Operating expenses

Cost and expenses are recognised in profit or loss upon utilisation of goods or services or at the date they are incurred. Customer winnings are recognised within cost of sales. The cost of free bets is recognised at 100% as incurred and charged to cost of sales. Betting taxes incurred are netted off against income at the time the bet is initiated.

1.8 Leases – Group as lessee

Leases which do not transfer to the group substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments (net of any incentive received from the lessor) are recognised as expense in profit or loss on a straight-line basis over the lease term. Associated costs, such as repairs and maintenance and insurance, are expensed as incurred.

The group determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

1.9 Foreign currency transactions and translation

The accounting records of the group are maintained in euro. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

1.10 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and amortisation and any impairment in value. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalised while expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation and amortisation charges are computed on the straight-line basis over the estimated useful lives of the assets as follows:

	Years
Satellite and TV equipment	4
Office equipment	4
Computer equipment	4
Fixtures and fittings	7

Leasehold improvements are amortised over the improvements' useful life of five years or when shorter, the term of the relevant lease.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The residual values, estimated useful lives and method of depreciation of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property, plant and equipment, including the related accumulated depreciation and impairment losses, is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognised.

1.11 Intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and install the specific software. Costs associated with maintaining computer software and those costs associated with research activities are expensed in profit or loss as incurred.

Intangible assets represent expenditure on website development and computer software, which are amortised over 5 years and 3 years, respectively. The amortisation period, in the opinion of the director, represents the period of their expected useful life.

1.12 Impairment testing of property, plant and equipment and intangible assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the greater of its fair value less costs to sell and its value in use. To determine the value in use, the group's management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by the group's management.

Impairment losses are recognised immediately in profit or loss. Impairment losses for cash-generating units are charged pro rata to the assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge that has been recognised is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.13 Business combinations involving entities under common control

Business combinations of entities not under common control are accounted for by applying the acquisition method in accordance with IFRS 3 '*Business Combinations'*. The acquisition method involves the recognition at fair value of all identifiable assets and liabilities of the acquiree at the acquisition date, including contingent liabilities regardless of whether or not they were recorded in the financial statements of the acquiree prior to acquisition. On initial recognition, the assets and liabilities of the acquiree are included in the statement of financial position of the group at their fair values, which are also used as the basis for subsequent measurement in accordance with the group's accounting policies. Goodwill is stated after separating out the identifiable intangible assets.

Goodwill represents the excess of acquisition cost over the fair value of the group's share of identifiable net assets of the acquiree at the date of acquisition. If the acquisition cost is less than the fair value of the group's share of identifiable net assets of the acquiree at date of acquisition, the gain on acquisition is recognised immediately in profit or loss after reassessment.

A combination of entities under common control is accounted for by applying the predecessor accounting. Under this method, the financial statement items of the combining entities for the period in which the combination occurs and for any comparative periods disclosed are included in the financial statements of the group (the acquirer) as if they had been combined from the beginning of the earliest period presented.

1.14 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets of the group are classified into loans and receivables upon initial recognition.

All financial assets are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets

The group's financial assets categorised as loans and receivables are presented as cash and trade and other receivables in the combined statement of financial position. Cash include cash on hand and demand deposits maintained in local banks that are unrestricted and readily available for use in group's operations. These deposits earn interest based on daily bank deposit rates and which are subject to insignificant risk of change in value.

For the purpose of subsequent measurement, financial assets of the group are classified into loans and receivables upon initial recognition.

Loans and receivables are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to loans and receivables that are recognised in profit or loss are presented within 'finance income' and 'finance costs', except for impairment of trade receivables which is presented within 'administrative expenses'.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Financial liabilities

Financial liabilities, which include trade and other payables (except statutory payables), are recognised when the group becomes a party to the contractual terms of the instrument. All interest-related charges incurred on a financial liability are recognised as an expense in profit or loss under the caption finance costs in the statement of comprehensive income.

Trade and other payables are recognised initially at their fair values and subsequently measured at amortised cost, using the effective interest method for maturities beyond one year, less settlement payments.

Dividend distributions to shareholders are recognised as financial liabilities upon declaration by the group.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the group does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognised from the combined statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

1.15 Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income.

Deferred tax assets and liabilities are offset only when the group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

1.16 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits.

1.17 Related party relationships and transactions

Related party transactions are transfers of resources, services or obligations between the group and its related parties, regardless of whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the group; (b) associates; and, (c) individuals owning, directly or indirectly, an interest in the voting power of the group that gives them significant influence over the group and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

1.18 Equity

Share capital represents the nominal value of shares that have been issued.

Retained earnings include current and prior period results.

Other reserve pertains to the shareholder's contribution and is treated as non-refundable.

1.19 Provisions and contingent liabilities

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, product warranties granted, legal disputes or onerous contracts. Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

1.20 Significant management judgements in applying accounting policies and estimation uncertainty

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgements

The following are significant management judgements in applying the accounting policies of the group that have the most significant effect on the financial statements.

Distinction between operating and finance leases

The group has entered into various lease agreements. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or a finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgement will result in either overstatement or understatement of assets and liabilities.

Recognition of provisions and contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in note 1.19.

Recognition of deferred tax assets

The assessment of the probability of future taxable income in which deferred tax asset can be utilised is based on the group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to use of any unused tax loss or credit. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, that deferred tax asset is usually recognised in full.

Estimation uncertainty

Information about estimates and assumptions that has the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Useful lives of depreciable assets

The group estimates the useful lives of property, plant and equipment and intangible assets based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment and intangible assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

Impairment of trade and other receivables

Adequate amount of allowance for impairment is provided for specific and groups of accounts, where objective evidence of impairment exists. The group evaluates the amount of allowance for impairment based on available facts and circumstances affecting the collectability of the accounts, including, but not limited to, the length of the group's relationship with the customers, the customers' current credit status, and average age of accounts, collection experience and historical loss experience. The methodology and assumptions used in estimating future cash flows are reviewed regularly by the group to reduce any differences between loss estimates and actual loss experience.

Impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. Though management believes that the assumptions used in the estimation of fair values reflected in the combined financial statements are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

2 Revenue

The composition of this account is shown below:

	2015 €	2014 €	2013 €
Sportsbook			
Horse betting	7,367,252	11,078,133	15,886,862
Sports betting	71,421,686	59,829,063	50,651,669
Gambling			
Internet	27,678,230	28,994,863	33,162,307
Casino and skill games	821,458	22,417,727	15,101,129
Other	2,686,769	398,818	127,061
Total	**109,975,395**	**122,718,604**	**114,929,028**

3 Cost of sales

'The details of cost of sales are shown below:

	2015 €	2014 €	2013 €
Payouts	80,116,675	96,119,261	92,018,003
Agents' commissions payable	17,498,861	14,329,155	10,294,593
Bonuses	856,408	1,321,217	1,973,039
Betting and gaming tax	780,331	670,271	599,111
Gaming licences	1,688,683	1,546,688	1,690,949
Monitoring services	855,252	554,131	525,469
Trade subscriptions	78,738	222,793	194,187
Trade advertising and promotions	1,335,306	1,155,077	1,105,238
Bank and credit charges - internet betting	527,565	455,564	616,521
Royalties	-	1,543,795	1,061,736
Production expenses	47,736	16,024	-
Professional and consultancy fees	135,870	38,267	-
Trading overheads odds and risk management	339,400	203,900	-
	104,260,825	**118,176,143**	**110,078,846**

4 Other operating income

The details of other operating income are shown below.

	2015 €	2014 €	2013 €
Recovery of accounts previously written-off	-	17,102	52,790
Reversal of provisions	6,217	131,251	180,309
Insurance recoveries	23,754	-	13,110
Miscellaneous	10,525	65,252	-
	40,496	**213,605**	**246,209**

5 Administrative expenses

The details of administrative expenses by nature are shown below.

	2015 €	2014 €	2013 €
Directors' salaries	-	76,638	47,983
Wages and salaries	625,743	461,708	557,214
Employer's SI	27,354	25,996	30,266
Premises' costs	433,774	320,474	415,656
Marketing	2,620,018	2,479,959	2,507,646
Legal and professional fees	687,803	391,836	452,181
Audit fees	39,531	33,856	24,337
Depreciation and amortisation	40,471	33,656	31,902
Bad and doubtful debts	23,310	313,637	621,877
Miscellaneous	138,712	391,405	22,517
	4,636,716	**4,529,165**	**4,711,579**
Average number of employees during the year (excluding directors)	**13**	**14**	**11**

6 Finance income (costs)

	2015 €	2014 €	2013 €
Finance income			
Interest income	**9,684**	**11,202**	**107,738**
Finance costs:			
Foreign exchange differences	52,015	22,909	18,682
Interest expense	1,844	-	-
	53,859	**22,909**	**18,682**

7 Profit before tax

The profit before tax is stated after charging:	2015 €	2014 €	2013 €
Directors' remuneration	-	76,638	47,983
Amortisation and depreciation of property, plant and equipment	40,471	33,656	31,902
Auditor's remuneration	39,531	33,856	24,337
Operating lease rentals	117,952	117,952	117,952

8 Tax (expense) income

The relationship between the expected tax (expense) income based on the effective Malta tax rate of 35% for the years ended 31 December 2015, 2014 and 2013 and the tax (expense) income actually recognised in the combined statement of comprehensive income can be reconciled as follows:

	2015 €	2014 €	2013 €
Profit before tax	1,074,175	215,194	473,868
Income tax using Malta tax rate	(375,961)	(75,318)	(165,854)
Effect of income tax subject to foreign tax rates	(29,822)	142,883	119,010
Non-deductible expenses	(65,858)	(43,836)	(4,031)
Non-taxable income	3,468	1,135	10,774
Movement in recognised deferred tax	-	8,799	4,710
Actual tax (expense) income	**(468,173)**	**33,663**	**(35,391)**
Comprising:			
Current tax expense	(468,173)	(51,461)	(35,391)
Deferred tax income	-	85,124	-
	(468,173)	**33,663**	**(35,391)**

Please refer to note 11 for information on the group's deferred tax asset.

9 Intangible assets

Details of the group's intangible assets and their carrying amounts are as follows:

	Computer Software €	Website development €	Total €
Gross carrying amount			
Balance at 1 January 2014	-	2,000,000	2,000,000
Additions	62,546	-	62,546
Balance at 31 December 2014	62,546	2,000,000	2,062,546
Amortisation			
Balance at 1 January 2014	-	2,000,000	2,000,000
Amount written off	8,264	-	8,264
Balance at 31 December 2014	8,264	2,000,000	2,008,264
Carrying amount at 31 December 2014	**54,282**	**-**	**54,282**
Gross carrying amount			
Balance at 1 January 2015	62,546	2,000,000	2,062,546
Additions	58,167	-	58,167
Balance at 31 December 2015	120,713	2,000,000	2,120,713
Amortisation			
Balance at 1 January 2015	8,264	2,000,000	2,008,264
Amount written off	31,636	-	31,636
Balance at 31 December 2015	39,900	2,000,000	2,039,900
Carrying amount at 31 December 2015	**80,813**	**-**	**80,813**

10 Property, plant and equipment

Details of the group's property, plant and equipment and their carrying amounts are as follows:

	Satellite and TV equipment	Fixtures and fittings	Office equipment	Computer equipment	Leasehold improvements	Total
	€	€	€	€	€	€
Gross carrying amount						
Balance at 1 January 2013	6,372	10,736	1,669	105,270	94,290	218,337
Additions	-	-	-	4,514	-	4,514
Balance at 31 December 2013	6,372	10,736	1,669	109,784	94,290	222,851
Depreciation						
Balance at 1 January 2013	4,779	8,330	1,669	92,635	54,183	161,596
Charge for the year	1,593	1,020	-	10,433	18,858	31,904
Balance at 31 December 2013	6,372	9,350	1,669	103,068	73,041	193,500
Carrying amount at 31 December 2013	**-**	**1,386**	**-**	**6,716**	**21,249**	**29,351**
Gross carrying amount						
Balance at 1 January 2014	6,372	10,736	1,669	109,784	94,290	222,851
Additions	-	6,498	6,100	2,452	-	15,050
Disposals	-	(4,027)	(1,478)	(10,019)	-	(15,524)
Balance at 31 December 2014	6,372	13,207	6,291	102,217	94,290	222,377
Depreciation						
Balance at 1 January 2014	6,372	9,350	1,669	103,068	73,041	193,500
Charge for the year	-	1,790	720	4,020	18,860	25,390
Disposals	-	(4,027)	(1,478)	(10,019)	-	(15,524)
Balance at 31 December 2014	6,372	7,113	911	97,069	91,901	203,366
Carrying amount at 31 December 2014	**-**	**6,094**	**5,380**	**5,148**	**2,389**	**19,011**
Gross carrying amount						
Balance at 1 January 2015	6,372	13,207	6,291	102,217	94,290	222,377
Additions	-	20,275	-	-	-	20,275
Disposals	-	(206)	-	-	-	(206)
Balance at 31 December 2015	6,372	33,276	6,291	102,217	94,290	242,446
Depreciation						
Balance at 1 January 2015	6,372	7,113	911	97,069	91,901	203,366
Charge for the year		4,081	720	2,105	1,928	8,834
Disposals	-	-	-	-	-	-
Balance at 31 December 2015	6,372	11,194	1,631	99,174	93,829	212,200
Carrying amount at 31 December 2015	**-**	**22,082**	**4,660**	**3,043**	**461**	**30,246**

11 Deferred tax asset

Deferred tax asset arising from temporary differences can be summarised as follows:

	2015 €	2014 €	2013 €
Property, plant and equipment	23,465	24,400	29,029
Unused tax losses	15,255	85,858	137
Unused capital allowances	-	8,799	4,170
Total	**38,720**	**119,057**	**33,336**

12 Trade and other receivables

	2015 €	2014 €	2013 €
Current			
Trade receivables	3,970,986	1,550,530	2,216,732
Other receivables	590,967	181,342	203,248
	4,561,953	1,731,872	2,419,980
Non-current			
Trade receivables	614,937	609,081	609,081
Allowance for impairment	(614,937)	(609,081)	(609,081)
	-	-	-
Financial assets	**4,561,953**	**1,731,872**	**2,419,980**
Prepayments	164,455	184,606	67,466
Trade and other receivables	**4,726,408**	**1,916,478**	**2,487,446**

All of the group's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables and other receivables were found to be impaired; hence, adequate amounts of allowance for impairment have been recognised.

Prepayments include prepaid tax which pertains to the advance tax payments.

13 Cash and cash equivalents

Cash and cash equivalents in the combined statement of financial position and combined statement of cash flows include the following components:

	2015 €	2014 €	2013 €
Cash in bank	**1,345,517**	**4,341,548**	**4,763,716**

14 Equity

14.1 Share capital

	2015 €	2014	2013 €
Issued capital			
United Game Tech GmbH	-	25,000	25,000
United Game Tech plc	11,650	-	-
digibet Limited	21,690	21,690	21,690
Digibet (Malta) Ltd	251,200	250,240	240
	284,540	**296,930**	**46,930**

The total issued capital in the combined financial statements has been assumed to be the aggregate of all the issued capital of each of the entities constituting the United Game Tech Group, except those entities which are owned by an entity within the same group and which were therefore eliminated.

14.2 Retained earnings

During the years ended 31 December 2015, 2014 and 2013, the directors approved the declaration of cash dividends totalling €2,084,017, €2,137,500 and €1,433,000 respectively. The dividends were paid within their respective year of declaration and approval.

14.3 Other reserve

On 18 November 2015, there was a shareholder contribution made by Comtar Limited to Digibet (Malta) Ltd. This contribution is treated as non-distributable.

15 Trade and other payables

	2015 €	2014 €	2013 €
Current			
Trade payables	2,093,471	3,598,448	2,176,156
Shareholders' loan	1,300,160	27,254	27,254
Accruals	209,944	104,935	445,858
Financial liabilities	**3,603,575**	**3,730,637**	**2,649,268**
Gaming tax	470,055	-	501,188
Statutory liabilities	-	21,746	-
Non-financial liabilities	**470,055**	**21,746**	**501,188**
Total trade and other payables	**4,073,630**	**3,752,383**	**3,150,456**

The carrying values of financial liabilities are considered to be a reasonable approximation of fair value.

The shareholders' loan and trade payables are unsecured, interest free and repayable on demand.

16 Cash flow adjustments and changes in working capital

The following non-cash flow adjustments and adjustments for changes in working capital have been made to profit before tax to arrive at operating cash flow:

	2015 €	2014 €	2013 €
Adjustments:			
Depreciation and amortisation	40,471	33,656	31,902
Impairment of receivables	23,310	-	-
Interest income	(9,684)	(11,202)	(107,738)
Interest expense	1,844	-	-
Gain on disposal of property, plant and equipment	(206)	-	-
Total adjustments	**55,735**	**22,454**	**(75,836)**
Net changes in working capital			
Changes in trade and other receivables	(2,801,923)	716,747	663,722
Changes in trade and other payables	321,250	601,927	(287,405)
Total net changes in working capital	**(2,480,673)**	**1,318,674**	**376,317**

17 Related party transactions

The group's related parties include its parent group, fellow subsidiary companies, companies under common control by its shareholders, key management and others.

Unless otherwise stated, none of the transactions incorporates special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

18 Financial instruments risk

Risk management objectives and policies

The group is subject to a variety of financial risks, which result from its operating activities. The group's risk management is coordinated in close cooperation with the director.

The group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the group is subject to are described below.

18.1 Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the group. The group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The group's policy is to deal only with creditworthy counterparties.

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the combined statements of financial position or in the detailed analysis provided in the notes to the combined financial statements, as summarised below.

	Notes	2015 €	2014 €	2013 €
Classes of financial assets - carrying amounts:				
Trade and other receivables	12	4,561,953	1,731,872	2,419,980
Cash and cash equivalents	13	1,345,517	4,341,548	4,763,716
		5,907,470	**6,073,420**	**7,183,696**

None of the group's financial assets is secured by collateral or other credit enhancements.

In respect of trade and other receivables, the group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates, management consider the credit quality of trade receivables that are not past due or impaired to be good.

18.2 Liquidity risk

The objective of the group in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The group expects to meet its financial obligations through operating cash flows.

Liquidity risk refers to the availability of sufficient funds to meet withdrawals and other financial commitments associated with financial instruments as they fall due. In order to manage liquidity risk as part of the asset and liability management process, the directors monitor expected operating cash flows and make available funds to the group in order to enable it to have sufficient funds available to meet its predicted cash flows.

As at 31 December 2015, 2014 and 2013 the group's financial liabilities are all current (see note 15).

18.3 Market risk

Foreign currency risk

The group has no significant exposure to foreign currency risks as most transactions are denominated in euro, its functional currency.

Interest rate risk

The group's policy is to minimise interest rate cash flow risk exposures on long-term financing. At 31 December 2015, 2014 and 2013, exposures to changes in market interest rates refer to the group's cash at bank, which is subject to variable interest rates. The balance of cash at bank, however, is not significant.

18.4 Summary of financial assets and liabilities by category

The carrying amounts of the group's financial assets and liabilities as recognised at the reporting date of the reporting period under review may also be categorised as follows. See note 1.14 for explanations about how the category of financial instruments affects their subsequent measurement.

	Notes	2015 €	2014 €	2013 €
Financial assets				
Loans and receivables:				
Current				
- Trade and other receivables	12	4,561,953	1,731,872	2,419,980
- Cash and cash equivalents	13	1,345,517	4,341,548	4,763,716
		5,907,470	**6,073,420**	**7,183,696**
Financial liabilities				
Financial liabilities measured at amortised cost:				
Current				
- Trade and other payables	15	3,603,575	3,730,637	2,649,268
		3,603,575	**3,730,637**	**2,649,268**

19 Commitment

Operating lease commitment – group as lessee

The group is a lessee under non-cancellable operating lease agreements covering the office space in Neptune House. This lease has a term of ten years from 1 March 2010, with automatic renewal options for a further five years if it is not terminated by either party with 12 months' on or before 28 February 2019. The future minimum lease payments under the non-cancellable lease are as follows as of 31 December.

	2015 €	2014 €	2013 €
Within one year	117,952	117,952	117,952
After one year but not more than five years	471,808	471,808	471,808
More than five years	491,467	609,418	727,370
	1,081,227	**1,199,178**	**1,317,130**

Total rentals from this operating lease amounted to €117,952 in 2015, 2014 and 2013 which are presented as part of premises' costs under administrative expenses account in the combined statement of comprehensive income.

20 Capital management policies and procedures

The group's capital management objectives are to ensure its ability to continue as a going concern and to provide an adequate return to shareholders through innovation, continuous improvement in quality service, resource utilisation, increasing the market share and flexibility.

21 Post reporting date events

No adjusting or other non-significant event has occurred between the reporting date and the date of authorisation

Independent auditor's report on the combined financial statements of United Game Tech Group

To the owners of United Game Tech Group

Report on the financial statements

We have audited the accompanying combined financial statements set out on pages 6 to 28 of the entities constituting United Game Tech Group. United Game Tech Group is not a legal entity and comprises United Game Tech plc, United Game Tech Management Limited, digibet Limited, Digibet (Malta) Ltd, Tornado BVBA and United Game Tech Service GmbH, as explained in note 1.1 to these combined financial statements. These financial statements comprise the combined statement financial position as at 31 December 2013, 2014 and 2015 and the combined statement of comprehensive income, combined statement of changes in equity and combined statement of cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

These combined financial statements for the years ended 31 December 2013, 2014 and 2015 have been prepared solely to assist the promoters of United Game Tech Group to present the results and financial position of the entities forming part thereof in connection with the listing on a multilateral trading facility (MTF) of 25,046,600 ordinary shares of € 1 each in United Game Tech plc. They have been prepared on the basis set out in note 1.1 to these combined financial statements.

Management's responsibility for the financial statements

The owners of United Game Tech Group are responsible for the preparation and fair presentation of these combined financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and on the basis set out in note 1.1 to these combined financial statements, and for such internal controls as the directors determine is necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation of combined financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements give a true and fair view of the financial position of the entities constituting the United Game Tech Group as at 31 December 2013, 2014 and 2015, and of their financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the basis set out in note 1.1 to these combined financial statements.

Emphasis of a matter

Without qualifying our opinion, we draw attention to note 1.1 which states that these combined financial statements have been prepared on the basis of the assumption that United Game Tech Group has operated as a legal group and a single consolidated entity at least from 1 January 2013. This financial information is not necessarily indicative of United Game Tech Group's financial position and financial performance that would have been presented had United Game Tech Group actually operated as a legal group and a single consolidated entity.

Restriction on use

This report is solely intended to assist the promoters of United Game Tech Group to present the results and financial position of the entities forming part thereof in connection with the listing on a multilateral trading facility (MTF) of 25,046,600 ordinary shares of € 1 each in United Game Tech plc. Readers are cautioned that the combined financial statements may not be appropriate for any other purpose. We accept no responsibility to any other person in respect of, arising out of, or in connection with our work.

Mark Bugeja (Partner) for and on behalf of

GRANT THORNTON
Certified Public Accountants

9 September 2016