Company Registration No. SC333797
(Scotland)

Fanduel Limited

Annual report and financial statements

for the twelve month period ended
31 December 2015

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Officers and professional advisers

Directors

Mr A W Cleland
Mr N J Eccles
Mr A Bachmann
Mr M Lasalle
Mr E Oberwager

Company number
SC333797

Registered Office

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Edinburgh
EH3 8UL

Auditor

Deloitte LLP
Saltire Court
20 Castle Terrace
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EH1 2DB

Strategic report

The directors present their strategic report for the 6 month period ended 31 December 2015. The directors, in preparing this strategic report, have complied with S414C of the Companies Act 2006.

This strategic report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to FanDuel Limited and its subsidiary undertakings when viewed as a whole (together "FanDuel" or the "Group").

The Group changed its accounting reference date to 31 December 2015 and as a result the current period is a 6 month period. The comparative period to 30 June 2015 was an 18 month period. The directors draw your attention to this fact in reference to the comparative information presented within this report. In addition, the Group adopted International Financial Reporting Standards during the period. The impact of this on prior year comparatives is detailed in note 4.

Review of the business

The Company and its subsidiaries own and operate an online fantasy sports platform in the United States and Canada. The Group's vision is to "Make Sports More Exciting" by enabling sports fans to act as a general manager and pick their ultimate fantasy team on a daily basis. The platform is used by millions of sports fans and has quickly become one of the top sports apps in use today.

The second half of the year is traditionally the period that the Group generates the most revenue. The Group reported record revenue in the 6 month period ended 31 December 2015 of $64,471k when compared to the same window in previous years. In the 18 month period ended 30 June 2015 the Group generated revenue of $87,714k. The operating loss for the period was $185,540k (18 month period ended 30 June 2015: $102,772k).

The market the Group operates in has significant growth potential and market penetration for the product remains low. Consequently, and as with previous periods, the Group has continued to invest in its product and development of its core fantasy sports platform. Additionally, the Group spent significant amounts on marketing to drive its new customer acquisition efforts. Given these investments, the Group incurred an operating loss during the six month period ended 31 December 2015 as noted above. However, the Directors believe that the investment strategy undertaken during the period will drive the future success and growth of the Group.

During the six month period ended 31 December 2015, there was an increasing trend of users using FanDuel on mobile devices. The Group released and refined its iOS and Android applications which have seen millions of downloads since their release as more player engagement shifts to mobile.

As of 31 December 2015, the Group had net liabilities of $270,663k. However, included in this amount is $274,053k which represents the fair value of the D and E share liability which at the balance sheet date had a redemption clause included, leading to this being accounted for as debt. As explained in note 28, the redemption rights were removed for the majority of these instruments through the Reorganisation (as defined in note 28) in August 2017.

The Group has faced challenges in the period however has continued to grow its user base and revenues. This was made possible by the continued commitment and dedication of the global team which totalled 489 (30 June 2015: 249) staff across the Group's five global offices as of 31 December 2015.

Key performance indicators

The Directors use Key Performance Indicators ('KPIs') to monitor and assess Group performance. The principal KPIs used during the periods ended were as follows:

	6 months 31 December 2015	**18 months 30 June 2015**
Service fees ($'000)	85,509	102,172
Number of paid active players*	2,199,579	1,247,397

*Total number for the period of players to have entered at least one paid contest.

Principal risks and uncertainties

The Group operates in the fantasy sports industry, an emerging environment which is continually changing, and as a result, actively manages the business risks it is exposed to as part of its internal risk management and control framework. The Group also actively manages its cost structure and operational plans to ensure it can continue to operate in a range of scenarios.

The key business risks relevant to the Group and Company are set out below:

Legal and regulatory environment

The laws governing the fantasy sports industry in the United States exist both at the national and state level. The legal framework at the national level is primarily governed by the Unlawful Internet Gaming Enforcement Act of 2006 ("UIGEA"). The directors believe this law is relatively clear and up to date; however, the individual state laws governing fantasy sports are less explicit and largely based on older legal precedent. Based on existing state laws, the Group has always considered itself to be operating lawfully in the United States (in those states where it has operated) and Canada. That said, during 2015 and 2016 the fantasy sports industry became the subject of civil litigation and a number of government / regulatory inquiries by US States regarding the legality of fantasy sports. As of the date of this report, these issues have largely been resolved. Of the US States in which legality was challenged, the Group either obtained a full release from any potential penalties or damages and ceased offering paid contests (Alabama, Hawaii, Idaho and Texas), or the state passed legislation, and the Group was allowed to continue or resume operations (Delaware, New York, Mississippi and Tennessee). The Group suspended contests in Nevada on 15 October 2015 in response to that state's determination that the operations were subject to the state's gambling regulations. In two states (West Virginia and Rhode Island), the Attorney General issued an opinion affirming the legality of paid entry fantasy sports contests in that state. In response to the Illinois Attorney General's adverse written opinion, the Group immediately filed a declaratory judgment action against the Attorney General, seeking a declaration from the State Court that the Group's contests are legal under Illinois law. The Group continues to operate in Illinois while the matter is pending as the Attorney General's opinion has no legal binding effect.

A number of states (Virginia, Indiana, Colorado, Missouri and Massachusetts) passed new laws in 2016 affirming the legality of fantasy sports, even where legality had not been called into question. In addition, the Maryland Comptroller's Office implemented fantasy sports regulations to oversee the fantasy sports industry. In 2017, Arkansas, Delaware, Maine, New Hampshire, New Jersey and Vermont similarly passed new laws affirming the legality of fantasy sports. At present, there are approximately 22 US States where the Group presently operates[1] and for which there has not been any action by the respective Attorney Generals, or affirmative legislative decisions by the respective US State bodies, regarding fantasy sports. There is no present indication that any of these states intend to take any action to prohibit the Group's operation in their state.

The Group has long been a leader in calling for legal clarity for fantasy sports and believes that through active dialogue with legislators, attorney generals, and other key constituents that it can help influence that fantasy sports are expressly determined to be lawful in the territories where it operates. The Group also believes that consumer protection standards are important to the health of the industry and devotes significant resources to working with lawmakers to implement consumer protection measures across all territories the Group operates in. In response to the matters noted above, lawmakers in over 30 US States have drafted proposed legislation that would expressly legalise fantasy sports. These efforts have been further supported by professional sports teams and leagues who recognize the popularity of and benefits from fantasy sports. Due to lobbying efforts and attention on the industry, Management believes that more legislation will be passed in various US States across the country that clarifies the regulatory environment and eliminates some of the uncertainty in these regions that is outlined above.

The Group has a number of contingent legal liabilities, which are detailed in note 29 to the financial statements.

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[1] FanDuel previously elected not to offer contests in Iowa, Arizona, Louisiana, Montana, and Washington prior to 2015.

Strategic report (continued)

Payment processors

The existence of negative Attorney General opinions and class action lawsuits in 2015, impacted for a period of time the willingness of key partners, such as payment processors, to continue to support fantasy sports. The Group depends on credit card and other online payment processors in order to facilitate user transactions. The Group now has multiple payment providers to ensure these services are provided on an uninterrupted basis.

Competition

The fantasy sports industry has emerged over the last several decades and has a number of large players and small startups. As a result, the industry is large and very competitive. The key players includes ESPN (Disney), CBS, and Yahoo!, amongst numerous others, as well as those who target daily fantasy sports including DraftKings, Amaya, and several other startups. As these startups grow and other new entrants continue to enter the market with services which directly compete with those provided by the Group, this may have an adverse effect on the Group's financial results.

Website disruption

The Group continues to experience growth in paid active players. If our systems are not expanded to handle increased demand or should they fail to perform, the website may experience unanticipated disruptions in service, slower response times or decreased customer service. In September 2014, during an NFL Sunday, we had a prolonged outage on the site due to demand. After this, we have not had further major disruptions, but another such event could impair our reputation, damage our brand and have a negative impact on the results of our operations.

Security is all about trying to prevent the Group losing its valued items, such as data, a service, equipment, etc. Some losses are more likely to happen than others, and some losses cause much more harm than others when they do happen. We use security risk management to identify where and how losses may arise; assess and prioritise what is likely to cause the most harm and work out how to best manage the resulting risk in line with the Group's objectives.

Changing user behaviour

Users are changing the way that they consume sports and interact with sports and entertainment technology products at an increasingly fast rate. Staying ahead of user trends and avoiding the risk of our product offerings becoming obsolete is critical to the future success of the Group.

We aim to mitigate this risk through continual improvements to our fantasy platform. We invest heavily in product development to maintain, refurbish and refine our platform.

Adequacy of funds

The Group has financed its operations primarily through private sales of equity and debt securities. The directors have identified that there is a need for further funding to meet working capital needs. Further information is included in the going concern section in the Directors' Report.

Strategy and future outlook

Our vision is to be the next generation sports entertainment platform that 'Makes Sports More Exciting' for sports fans worldwide. Despite the legal and regulatory challenges noted above, we believe in our strategy to drive towards this objective and believe that we can continue growing headcount, paid active players, turnover and profitability in the coming period and beyond. Consumers across North America continue to embrace fantasy sports, with the industry reporting more than 57 million Americans and Canadians now participating in fantasy leagues. As such, the addressable market remains largely unpenetrated. FanDuel has developed partnerships with various professional sports franchises and media companies that continue to support the Group in its growth. Recent gains in brand awareness and continued marketing efforts at these consumers will continue to drive overall user adoption and growth.

Further information is included in the going concern section in the Directors' Report.

Strategic report (continued)

Employee consultation

FanDuel places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them individually and on various factors affecting the performance the Group. This is achieved through formal and informal meetings, weekly company updates and quarterly townhalls. Employee representatives are consulted on a wide range of topics affecting their interests. The employee share scheme has been running successfully since its inception in December 2011. Our employee scheme is open to all employees and options are granted based on level.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event a member of staff becomes disabled, we consult with occupational health experts to ensure that appropriate reasonable adjustments are made to their working hours and equipment. It is Group policy that the training, career development, and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Post balance sheet events

In March 2016, the Company repaid an outstanding term loan of $1,664k.

On 31 March 2016, the Company entered into an agreement for the issuance of $55 million fixed rate secured guaranteed paid in-kind convertible notes (the "Convertible Note(s)"), which was amended from time to time, for a total issuance of $62.5 million of principal issued to existing equity holders of the Company. The Convertible Notes accrued interest at a rate of 25% per annum (for fully participating notes) or 10% per annum (for partially participating notes) and any unpaid interest was to be added to the principal with an original maturity on 31 March 2018. In connection with the issuance of the Convertible Notes the Company created a new share class of E4 ordinary shares and issued 227,822 warrants (the "E4 Warrants") at a price of $.001 (fully prepaid upon issuance) each to acquire E4 ordinary shares. The E4 Warrants were exercisable until the earlier of the tenth anniversary date from the Convertible Note issuances or certain contingent events. In addition, in connection with the issuance of certain Convertible Notes, the Company issued 8,718 supplement warrants (the "Ordinary Warrants") at a subscription price of $.001 (fully prepaid upon issuance) each to acquire ordinary shares. The Ordinary Warrants were exercisable until the earlier of the tenth anniversary date from the Convertible Note issuances or certain contingent events.

In July 2016, the Board of Directors of the Company approved the repricing of certain outstanding stock options to purchase ordinary shares of the Company held by officers, other employees, current and former non-employee directors, employees and independent contractors previously granted under the option plan. As a result, the exercise price of 201,765 options was lowered to a strike price of $3.75 per share. There was no change in the number of shares subject to each option, vesting or other terms of the options. Prior to the repricing, many of the options had exercise prices above the current estimated fair value of the Company's ordinary shares.

In August 2016, the Group decided to discontinue the operations of Fandom. Consequently, management evaluated the Goodwill associated with Fandom, as well as the finite lived intangible asset group for impairment. On the basis that the fair value of future cash flows of Fandom were zero, the Group fully impaired the relevant goodwill and finite lived intangibles, which had a gross carrying value of $8,509k and $2,800k, respectively, at the balance sheet viewed as a non-adjusting event.

In August 2016 and February 2017, the Group received approximately $596k and $457k, respectively, for the assignment of leases.

In October 2016 the Group undertook a restructuring exercise. This resulted in the termination of approximately 60 employees. Severance costs of approximately $1.5 million were incurred as a result of this action.

In October 2016, the Group entered into a loan and security agreement (the "Loan") with an external lender in the aggregate principal amount of up to $25 million, of which the Group drew down $20 million. Additional advances are subject to certain performance milestones and can be requested beginning on 30 June 2017 and continuing until 30 September 2017 in minimum increments of $2.5 million. The maturity date is 1 November 2019 with interest only

Strategic report (continued)

Post balance sheet events (continued)

payments through 1 September 2017. The interest only payments can be extended to certain dates through 1 December 2018 if certain conditions are satisfied. Upon the interest only period expiring, the principal balance that is outstanding is due in equal monthly installments of principal and interest based on the number of months remaining through the maturity date. The interest rate is the greater of either (i) the prime rate as reported in the Wall Street Journal plus 7.25%, or (ii) 10.75%. The Loan is subject to prepayment penalties in certain circumstances and provides for an end of term charge of $1,888k. The agreement also provides for a security interest in certain personal property. In connection with the Loan, the Company issued 4,648 warrants to acquire certain shares which are subject to certain conversion provisions.

On 17 November 2016, the Company approved a proposed acquisition with its shareholders that was entered into on 18 November 2016 providing for an all-share combination with DraftKings Inc. ("DraftKings") by means of an acquisition (the "Merger"), where FanDuel Limited and DraftKings (the "Parties") would operate under a new entity as a "Combined Group." As part of the Merger, the Company agreed to a restructuring of the share capital of the Company (the "Non-Merger") (collectively the Merger and Non-Merger being referred to as the "Reorganisation"). In connection with the Reorganisation, the Company amended certain terms of the Convertible Note agreement and E4 Warrants. The amended terms altered the number and class of shares which the Convertible Notes would convert into depending on the outcome of a Merger or Non-Merger, in additional to other amendments.

In June 2017, the Marketing Agreement (see note 9) was amended to no longer provide for the Equity Option and the Company agreed to the issuance of 26,216 E ordinary shares (issued in June 2017), as consideration for the rights granted under the Marketing Agreement with respect to a third contract year and a cash payment of $4,700k for the fourth contract year to be paid on or before 1 October 2017.

Effective 12 July 2017 (the "Termination Date"), the Merger was terminated by mutual agreement (the "Termination Agreement") and under the terms of the agreement, DraftKings is required to pay the Company $2 million within 90 days of the Termination Date, otherwise, $3 million will be due no later than six-months following the Termination Date. In addition, certain provisions of the Termination Agreement may require the Company to make the following payments over a 12-month period following the Termination Date: (i) not less than $5.5 million to certain joint lobbying efforts providing DraftKings makes an equal or greater amount; and (ii) up to $6.0 million to a mutually agreed-upon joint lobbying effort providing DraftKings makes an equal or greater amount.

On 9 August 2017, as a result of the Termination Agreement, the Non-Merger restructuring (the "Restructuring") became effective pursuant to the terms of the Reorganisation. Under the Restructuring certain classes of ordinary shares or warrants for the issuance of ordinary shares received a number of shares in accordance with a conversion ratio (the "A Preference Shares") (having a liquidation preference over the New Ordinary Shares and New Deferred Shares) and each shareholder holding each class of ordinary shares received a number of New Ordinary Shares (having a liquidation preference over the New Deferred Shares) in accordance with a conversion ratio. In addition, New Deferred Shares were issued to certain equity holders. Further, the Convertible Notes and E4 Warrants held by each noteholder converted into a certain number of A Preference Shares or New Ordinary Shares in accordance with a conversion ratio. New Ordinary Shares have general voting rights at general meetings of one vote per share.

Strategic report (continued)

Post balance sheet events (continued)

A summary of the issued share capital and liquidation preference under the Restructuring is as follows:

Class of shares before the Restructuring (1)	Conversion ratio	Shares immediately after Reorganization under the Restructuring (2) New Ordinary Shares	A Preference Shares	New Deferred Shares	Liquidation preference (3), $'000
Ordinary share	1.25 New Ordinary Shares 1 New Deferred Share	675,967	-	540,807	$ -
A ordinary share	1 New Ordinary Share 1 A Preference Share	173,792	173,792	-	1,637
B ordinary share	1 New Ordinary Share 1 A Preference Share	695,002	695,002	-	3,402
C ordinary share	1 New Ordinary Share 1 A Preference Share	674,824	674,824	-	10,477
D ordinary share	1.5 New Ordinary Shares 1 A Preference Share	1,788,378	1,192,253	-	77,818
E ordinary share	3.35 New Ordinary Shares 1 A Preference Share	3,634,473	1,084,920	-	290,610
E3 ordinary share	0.5 New Ordinary Share 1 A Preference Share 1 New Deferred Share	54,546	109,129	54,583	29,347
E4 ordinary share	3.35 Ordinary Shares 1 A Preference Share	763,184	227,822	-	61,266
Convertible Loan Note conversion share	A Preference Share	-	47	-	83,384
Z ordinary share	60 New Ordinary Shares 1 New Deferred Share	180,000	-	3,000	-
Ordinary shares under option	1.25 New Ordinary Shares	402,020	-	-	-
		9,042,186	4,157,789	598,390	$ 557,941

The result of the Restructuring will be that a shareholder will receive in exchange, for each share of the class of share listed above in column (1) of the table held by the shareholder, the number and class of share listed in column (2) subject to the liquidation preference (for the A, B and C ordinary shares denominated in GBP the USD presented is at the spot rate as of 9 August 2017) listed in column (3)

In September 2017, the Group settled a civil action brought by the State of Massachusetts for $1,300k with a payout over 3 years ($500k during September 2017, and 2 payments of $400k during September 2018 and 2019) viewed as a non-adjusting event.

Strategic report (continued)

Post balance sheet events (continued)

On 13 September 2017, the Company authorised a $30 million fixed rate unsecured convertible notes (the "2017 Note(s)") and issued approximately $26.4 million during September 2017. The 2017 Notes were designated upon issuance as follows: (1) non-participating notes which do not bear interest; and participating notes in which the (2) partially participating notes accrue interest at 10% per annum on a non-compounding basis; and (3) fully participating notes accrue interest at 25% per annum on a compounding basis. Any unpaid interest will be added to the principal with a maturity on the third anniversary date of the 2017 Note instrument with certain repayment acceleration provisions under certain events of default. If a liquidation event, as defined in the 2017 Note instrument, occurs prior to the conversion of the 2017 Notes, unless prior to the completion of a liquidation event the Group and Noteholder Majority agree that all or some of the amounts which would otherwise be due shall be converted into shares of the Group, they will become immediately due and payable as follows: (1) the non-participating notes outstanding principal; (2) the partially participating notes outstanding principal and accrued but unpaid interest; and (3) the fully participating notes at an amount equal to 150% of the aggregate outstanding principal and accrued but unpaid interest. The 2017 Notes may only be prepaid by the Group upon written approval of 70% of the note holders holding participating notes (the "Noteholder Majority") with no penalty or premium due upon prepayment. The 2017 Notes provide for automatic conversion in an equity round financing at the election of a Noteholder Majority with a discount of 80% of the conversion round price per share issued in the equity financing round of the same share class to investors.

As outlined in the legal and regulatory environment section on page 3, the Group continues to be involved in ongoing legal cases and has settled a number of these post year end.

On behalf of the board

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Mr N J Eccles
Director

29 September 2017

Fanduel Limited

Directors' report

The directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the 6 month period ended 31 December 2015.

The Group changed its accounting reference date to 31 December 2015 and as a result the current period is a 6 month period. The comparative period to 30 June 2015 was an 18 month period.

Results and dividends

The consolidated income statement for the 6 month period is set out on page 15.

No dividend was paid or proposed during the year.

Group research and development activities

Due to the rapidly growing nature of daily fantasy sports, the Group is continually investing in research and development projects. For the 6 month period ended 31 December 2015, we incurred approximately $1,304k of research and development expense and $2,011k for the 18 month period ended 30 June 2015. These include new innovative customer facing technologies and App developments.

Financial risk management objectives and policies

The Group manages financial risk so as to minimise non-operational volatility in profitability and cash flow. The key financial risks relevant to the Company and Group and the policies for managing them effectively are set out below.

Liquidity risk

The Group manages liquidity risk by closely monitoring cash flow performance and has a detailed financial forecast to project cash flow in future periods. Adequate cash reserves are maintained in order to support the future growth of the business.

Foreign exchange risk

Refer to note 31 for further details of the Group's exposure to foreign exchange risk.

Going concern

For the six month period ended 31 December 2015, the Group incurred a loss of $185.6 million and as of 31 December 2015 had cash on hand of $51.0 million and net current liabilities of $18.4 million. The 2015 operating loss was primarily a result of lower than expected revenue, legal costs incurred as a result of the regulatory issues described below, and the Group's continued investment in new customer acquisition, the development of its core fantasy sports platform and other new products.

Since the Balance Sheet date through 2016 and year-to-date 2017, the Group has incurred losses, though on a smaller scale than 2015. The 2016 and year-to-date losses are primarily a result of lower than expected revenue, legal costs incurred as a result of the regulatory issues described below and the Group's continued investment in new customer acquisition, the development of its core fantasy sports platform and other new products.

The regulatory environment in fantasy sports has impacted the number of active users. Currently, the Group operates in 40 of 50 US States, having previously operated in 45 US States. As a result, the Group has incurred losses exceeding those forecasted in its operating plan. Consequently, actions to reduce the Group's ongoing operating costs were taken in 2016. These actions included a reduction in the Group's labour force and curtailment of discretionary expenditures. In 2016, the Group funded its operating losses via secured financing of $20 million from a loan and security agreement and a secured financing of $62.5 million through the issuance of convertible notes.

Directors' report (continued)

Going concern (continued)

As described on page 3, the US States for which affirmative legislation regarding fantasy sports is yet to be passed represent a substantial portion of the Group's revenue. It is not possible to predict the outcome of any future legislation on the Group and the Group's ability to generate future revenues from new and existing users. For the Group to successfully implement its operating plans, and to fund operating losses, further financing will be required. The Directors believe additional financing will be available to support future operations. As at 31 August 2017, the Group had cash of $19.5 million. On 13 September 2017, the Company authorised a $30 million fixed rate unsecured convertible note and issued approximately $26.4 million during September 2017, increasing the cash held by the Group. They are redeemable by the holder within three years (refer note 28 for more details). This will not fully bridge the potential funding gap. If the Group is unable to obtain additional financing or the Group is unable to generate sufficient cash flow from operations, the Directors intend to take additional steps to improve its liquidity position through further reducing expenditures. However, these uncertainties represent a material uncertainty that casts significant doubt on the Group's ability to continue as a going concern and, therefore, its ability to realise its assets and discharge its liabilities in the normal course of business.

Management remain confident that additional equity financing will be raised and that performance improvements will continue to be made. Notwithstanding the material uncertainty described above, as a result of the Directors' going concern assessment the financial statements have been prepared on a going concern basis and the financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

As of 31 December 2015, the Group had net liabilities of $270,663k. However, included in this amount is $274,053k which represents the fair value of the D and E share liability which at the balance sheet date had a redemption clause included, leading to this being accounted for as debt. As explained in note 28, the redemption rights were removed for the majority of these instruments through the Reorganisation in August 2017.

Directors

The following directors have held office since January 2015, and up to the date of this report:

Mr A W Cleland
Mr N J Eccles
Mr T G Griffiths – resigned 10 August 2017
Mr M F J Moens – resigned 10 August 2017
Mr A Bachmann
Mr R Cordella – resigned 10 August 2017
Mr M Lasalle
Mr E Oberwager
Mr A Resnikoff – resigned 10 August 2017
Mrs L Eccles – appointed 20 October 2016, resigned 10 August 2017

Director's indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

Existence of branches outside the UK

The Group has no registered branches, as defined in section 1046(3) of the Companies Act 2006, outside the UK.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the group's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant information and to establish that the group's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Fanduel Limited

Directors' report (continued)

On behalf of the board

Mr N J Eccles
Director

29 September 2017

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Fanduel Limited

We have audited the financial statements of Fanduel Limited for the 6 month period ended 31 December 2015 which comprise the consolidated income statement, the consolidated statement of comprehensive income; the consolidated and parent company balance sheets, the consolidated cash flow statement, the consolidated and parent company statements of changes in equity and the related notes 1 to 40. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2015 and of the Group's loss for the six month period then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditor's report to the members of Fanduel Limited (continued)

Emphasis of matter - Litigation and going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 3 to the financial statements concerning the Group and Company's ability to continue as a going concern. As explained therein, for the Group and Company to successfully implement their operating plans, and to fund operating losses, further financing will be required. The Directors believe additional financing will be available to support future operations. However, there is a risk that the Group is unable to obtain the levels of additional financing required. The potential for such an outcome represents a material uncertainty that casts significant doubt upon the Group and Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial six month period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

James Boyle CA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Edinburgh, United Kingdom

29 September 2017

Fanduel Limited

Consolidated income statement
For the 6 month period ended 31 December 2015

	Note	6 month period ended 31 December 2015		(Restated) 18 month period ended 30 June 2015	
		$'000	$'000	$'000	$'000
Service fees		85,509		102,172	
Player acquisition incentives		(11,871)		(9,848)	
Player retention incentives		(9,167)		(4,610)	
Revenue	6		**64,471**		**87,714**
Cost of sales			(14,626)		(21,231)
Gross profit			49,845		66,483
Administrative expenses			(336,311)		(144,254)
Operating loss	7		(286,466)		(77,771)
Other gains/(losses) on financial instruments			101,064		(8,639)
Net finance expense			(750)		(16,330)
Net finance income/(expense)	8		100,314		(24,969)
Loss before tax			(186,152)		(102,740)
Tax benefit/(charge)	10		612		(32)
Loss for the period			(185,540)		(102,772)

Refer to note 4 for details of the restatement as a result of adopting IFRS.

Fanduel Limited

Consolidated statement of comprehensive income
For the 6 month period ended 31 December 2015

	Note	6 month period ended 31 December 2015 $'000	(Restated) 18 month period ended 30 June 2015 $'000
Loss for the financial period		(185,540)	(102,772)
Items that will not be reclassified subsequently to profit or loss:			
Currency translation gain on retranslation of parent company balance sheet		-	394
Total comprehensive loss for the period		(185,540)	(102,378)

Fanduel Limited

Consolidated balance sheet
As at 31 December 2015

	Note	31 December 2015 $'000	(Restated) 30 June 2015 $'000	(Restated) 31 December 2013 $'000
Non-current assets				
Intangible assets	12	23,444	124	-
Property, plant and equipment	13	6,377	1,981	138
Operating lease security deposits		3,270	-	-
		33,091	2,105	138
Current assets				
Deferred tax		2	-	-
Trade receivables		2	-	-
Other debtors	14	7,998	8,930	2,405
User deposits	15	82,548	37,869	10,703
Cash and bank balances		50,974	246,429	869
		141,524	293,228	13,977
Total assets		174,615	295,333	14,115
Current liabilities				
Trade and other payables		(44,696)	(1,619)	(161)
Accrued and other current liabilities	16	(30,009)	(7,937)	(3,325)
Borrowings	18	-	(1,710)	(1,070)
Deferred revenue		(2,096)	(1,180)	(154)
User deposit liability	15	(82,548)	(37,869)	(10,703)
Other current liabilities	17	(541)	(710)	(292)
		(159,890)	(51,025)	(15,705)
Net current (liabilities)/assets		(18,366)	242,203	(1,728)
Non-current liabilities				
Deferred rent		(2,313)	-	-
Deferred tax		(423)	-	-
Provisions	19	(3,882)	-	-
B, D and E ordinary share liability	18	(277,217)	(352,245)	(1,569)
Non-current borrowings	18	(1,553)	(451)	(2,892)
		(285,388)	(352,696)	(4,461)
Total liabilities		(445,278)	(403,721)	(20,166)
Net liabilities		(270,663)	(108,388)	(6,051)

Consolidated balance sheet (continued)
As at 31 December 2015

	Note	31 December 2015 $'000	(Restated) 30 June 2015 $'000	(Restated) 31 December 2013 $'000
Equity				
Called up share capital	22	2	2	2
Share premium account		40,810	17,924	18,103
Equity reserve		165	165	(229)
Retained earnings		(311,640)	(126,479)	(23,927)
Total shareholders' deficit		(270,663)	(108,388)	(6,051)

Refer to note 4 for details of the restatement as a result of adopting IFRS.

The financial statements of Fanduel Limited, registered number SC333797 were approved by the Board of Directors and authorised for issue on 29 September 2017.

Signed on behalf of the Board of Directors

N J Eccles

Mr N J Eccles
Director

Fanduel Limited

Consolidated cash flow statement
For the 6 month period ended 31 December 2015

	Note	6 month period ended 31 December 2015 $'000	(Restated) 18 month period ended 30 June 2015 $'000
Loss for the financial period		(185,540)	(102,772)
Adjustments to reconcile profit before tax to net cash flows:			
Amortization of debt issuance costs		32	26
Depreciation of property, plant and equipment	12	641	560
Amortization of intangible assets	13	1,007	-
Shared based payments charge		379	220
Deferred income taxes	10	(612)	-
Foreign exchange transaction loss		-	160
Creation of provision	19	4,839	-
Non-employee share-based compensation	21	2,326	3,984
Net finance costs	8	(100,314)	24,969
Working Capital Adjustments:			
Decrease in trade and other receivables		(44,857)	(33,691)
Increase in trade and other payables		108,284	34,019
		(213,815)	(72,525)
Interest and D/E ordinary share transaction costs paid		(637)	(15,717)
Interest received		39	18
Net cash used in operating activities		(214,413)	(88,224)
Investing Activities			
Purchases of property and equipment		(3,339)	(2,401)
Purchases of computer software		(6)	(124)
Payments for acquisitions of businesses, net of cash		(9,350)	-
Proceeds from sale of fixed assets		1	-
Net cash used in investing activities		(12,694)	(2,525)
Financing Activities			
Proceeds from convertible note issuance		-	6,000
Proceeds from issuance of shares (treated as debt)		20,000	331,976
Proceeds from issuance of shares (less issue costs)		12,292	159
Proceeds of long term debt		1,664	-
Payments of long term debt		(2,183)	(1,826)
Payments of debt issuance costs		(121)	-
Net proceeds from financing activities		31,652	336,309
Net (decrease)/increase in cash and cash equivalent		(195,455)	245,560
Cash and cash equivalents brought forward		246,429	869
Cash and cash equivalents as at 31 December 2015		50,974	246,429

Significant non-cash transactions in the period include the gain on financial instruments at fair value through profit and loss of $99,369k (30 June 2015: loss of $7,350k) and the change in fair value of contingent consideration of $1,695k (30 June 2015: $nil). The share based payment expense and provision movements are included separately as adjusting items in the operating cash flow reconciliation above.

Consolidated statement of changes in equity
For the 6 month period ended 31 December 2015

	Share capital $'000	Share premium account $'000	Other reserves $'000	Retained earnings $'000	Total $'000
Restated balance at 1 January 2014 (note 4)	2	18,103	(229)	(23,927)	(6,051)
Loss for the period	-	-	-	(102,772)	(102,772)
Share based payment transactions	-	-	-	220	220
Foreign currency translation differences	-	(373)	394	-	21
Share premium - equity	-	194	-	-	194
Balance at 30 June 2015	2	17,924	165	(126,479)	(108,388)
Loss for the period	-	-	-	(185,540)	(185,540)
Share based payment transactions	-	-	-	379	379
Share premium - equity	-	22,886	-	-	22,886
Balance at 31 December 2015	2	40,810	165	(311,640)	(270,663)

Notes to the financial statements
For the 6 month period ended 31 December 2015

1. General information

Fanduel Limited (the 'Company') is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The principal activities of the Company and its subsidiary (together, the 'Group') and the nature of the Group's operations are set out in the strategic report on pages 2 to 8.

These financial statements are presented in United States of America dollars because that is the currency of the primary economic environment in which the Group operates. The United States of America is the principal trading country of the Group. Foreign operations are included in accordance with the policies set out in note 3.

The Group changed its accounting reference date from 30 June to 31 December during the period. These financial statements are for 6 months, prepared to 31 December 2015. The comparative period ended 30 June 2015 was an 18 month period.

2. Adoption of new and revised Standards

Amendments to IFRSs that are mandatorily effective for the current year

In the current year the Group has adopted IFRSs issued by the International Accounting Standards Board (IASB) for the first time. Full details of the impact of this adoption is included within note 4.

As a result of applying IFRSs, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2015 (except as noted below). Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Annual Improvements to IFRSs 2010 – 2012 Cycle	The Group has adopted the amendments to IFRSs included in the *Annual Improvements to IFRSs 2010 – 2012 Cycle* for the first time in the current year. The majority of the amendments are in the nature of clarifications rather than substantive changes to existing requirements. However, the amendments to IAS 24 *Related Party Disclosures* - Key management personnel represent changes to existing requirements. The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity must disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required. The application of the amendments has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.
Annual Improvements to IFRSs 2011 – 2013 Cycle	The Group has adopted the amendments to IFRSs included in the *Annual Improvements to IFRSs 2011 – 2013 Cycle* for the first time in the current year. The amendments are in the nature of clarifications rather than substantive changes to existing requirements. The application of the amendments has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

2. Adoption of new and revised Standards (continued)

New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective and in some cases had not yet been adopted by the EU:

IFRS 9	*Financial Instruments*
IFRS 15	*Revenue from Contracts with Customers*
IFRS 16	*Leases*
IFRS 11 (amendments)	*Accounting for Acquisitions of Interests in Joint Operations*
IAS 1 (amendments)	*Disclosure Initiative*
IAS 16 and IAS 38 (amendments)	*Clarification of Acceptable Methods of Depreciation and Amortisation*
IAS 27 (amendments)	*Equity Method in Separate Financial Statements*
IFRS 10 and IAS 28 (amendments)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
IFRS 10, IFRS 12 and IAS 28 (amendments)	*Investment Entities: Applying the Consolidation Exemption*
Annual Improvements to IFRSs: 2012-2014 Cycle	Amendments to: IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations,* IFRS 7 *Financial Instruments: Disclosures,* IAS 19 *Employee Benefits* and IAS 34 *Interim Financial Reporting*

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except that IFRS 9 will impact both the measurement and disclosures of financial instruments and IFRS 15 may have an impact on revenue recognition and related disclosures. With regards to IFRS 16, the Group has significant properties leased though operating leases. The future commitment relating to these leases is detailed in note 24. A large amount of this commitment is expected to be capitalised on the balance sheet with a corresponding liability recognised. In addition, it is expected that there will be a reduction in operating expenses and an increase in depreciation. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 and IFRS 15 until a detailed review has been completed.

3. Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared on the historical cost basis, except for the financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope

3. Significant accounting policies (continued)

Basis of accounting (continued)

of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year (previously 30 June each year). Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company losses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

3. Significant accounting policies (continued)

Basis of consolidation (continued)

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Going concern

For the six month period ended 31 December 2015, the Group incurred the Group incurred a loss of $185.6 million and as of 31 December 2015 had cash on hand of $51.0 million and net current liabilities of $18.4 million. The 2015 operating loss was primarily a result of lower than expected revenue, legal costs incurred as a result of the regulatory issues described below, and the Group's continued investment in new customer acquisition, the development of its core fantasy sports platform and other new products.

Since the Balance Sheet date through 2016 and year-to-date 2017, the Group has incurred losses, though on a smaller scale than 2015. The 2016 and year-to-date losses are primarily a result of lower than expected revenue, legal costs incurred as a result of the regulatory issues described below and the Group's continued investment in new customer acquisition, the development of its core fantasy sports platform and other new products.

The regulatory environment in fantasy sports has impacted the number of active users. Currently, the Group operates in 40 of 50 US States, having previously operated in 45 US States. As a result, the Group has incurred losses exceeding those forecasted in its operating plan. Consequently, actions to reduce the Group's ongoing operating costs were taken in 2016. These actions included a reduction in the Group's labour force and curtailment of discretionary expenditures. In 2016, the Group funded its operating losses via secured financing of $20 million from a loan and security agreement and a secured financing of $62.5 million through the issuance of convertible notes. As described in note 18 the redeemable ordinary shares have existing redemption rights. However, subject to the completion of the Reorganisation, these redemption rights have been removed, except for the redemption rights of the NBA pursuant to the amended arrangement entered into in 2017, as further described in note 28.

As described on page 3, the US States for which affirmative legislation regarding fantasy sports is yet to be passed represent a substantial portion of the Group's revenue. It is not possible to predict the outcome of any future legislation on the Group and the Group's ability to generate future revenues from new and existing users. For the Group to successfully implement its operating plans, and to fund operating losses, further financing will be required. The Directors believe additional financing will be available to support future operations. As at 31 August 2017 the Group had cash of $19.5 million. On 13 September 2017, the Company authorised a $30 million fixed rate unsecured convertible note and issued approximately $26.4 million during September 2017, increasing the cash held by the Group. They are redeemable by the holder within three years (refer note 28 for more details). This will not fully bridge the potential funding gap. If the Group is unable to obtain additional financing or the Group is unable to generate sufficient cash flow from operations, the Directors intend to take additional steps to improve its liquidity position through further reducing expenditures. However, these uncertainties represent a material uncertainty that casts significant doubt on the Group's ability to continue as a going concern and, therefore, its ability to realise its assets and discharge its liabilities in the normal course of business.

Management remain confident that additional equity financing will be raised and that performance improvements will continue to be made. Notwithstanding the material uncertainty described above, as a result of the Directors' going concern assessment the financial statements have been prepared on a going concern basis and the financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

As of 31 December 2015, the Group had net liabilities of $270,663k. However, included in this amount is $274,053k which represents the fair value of the D and E share liability which at the balance sheet date had a redemption clause included, leading to this being accounted for as debt. As explained in note 28, the redemption rights were removed for the majority of these instruments through the Reorganisation in August 2017.

3. Significant accounting policies (continued)

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity

interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes asset or liability resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously-held interests in the acquired entity is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Goodwill

Goodwill is initially recognised and measured as set out above.

3. **Significant accounting policies (continued)**

Goodwill (continued)

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any

goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Revenue represents entry fees less prizes paid and player acquisition and retention incentives. The Group offers fantasy sports contests ("Contests") and fantasy sports tournaments ("Tournaments") to users. Contests are generally completed in a single day or up to one week. Tournaments are generally completed in one week or up to several months.

For Contests, revenue is recognised when the contest is settled.

For Tournaments, revenue is recognised over the period of the tournament as services are rendered and there is no longer a service obligation to each user that participated in the tournament.

Service fees do not represent the Group's revenue measure and comprises the gross takings receivable from customers in respect of individual customers, less the cash paid out as competition winnings. The Group awards incentives to attract and retain customers and these items are also deducted from revenue. The value of these incentives are shown on the face of the Income Statement.

Interest revenue

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

3. Significant accounting policies (continued)

The group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in United States of America dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

3. **Significant accounting policies (continued)**

Foreign currencies (continued)

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

Operating loss

Operating loss is stated before investment income and finance costs.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

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

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3. Significant accounting policies (continued)

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Computers	20% - 50% per annum
Furniture	14% - 50% per annum
Leaseholds	shorter of the lease term and their useful lives

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives, which ranges from 5 years to 10 years. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

3. Significant accounting policies (continued)

Internally-generated intangible assets – research and development expenditure (continued)

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

3. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is (i) held for trading, or (ii) it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the income statement.

3. **Significant accounting policies (continued)**

Held-to-maturity investments

Debentures with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

Available for sale financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Listed shares and listed redeemable notes held by the Group that are traded in an active market are classified as being AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the balance sheet date. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For listed and unlisted equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable notes classified as AFS and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed

3. Significant accounting policies (continued)

Impairment of financial assets (continued)

payments in the portfolio as well as observable changes in national or local economic conditions that correlate with default on receivables.

Impairment of financial assets (continued)

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Compound instruments

The component parts of compound instruments (convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

3. Significant accounting policies (continued)

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the income statement.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Groups accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

3. **Significant accounting policies (continued)**

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

An embedded derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37 and the amount initially recognised less cumulative amortisation recognised in accordance with IAS 18 Revenue.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 21.

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

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

Cash and cash equivalents

Cash and cash equivalents represent amounts held with banks, which are available on demand or are deposited with an initial maturity and availability date of three months or less.

3. Significant accounting policies (continued)

User deposits

The Group receives monies from its users. This money is stored in the Group's bank accounts but it is available to users immediately on demand. The Group presents the corresponding cash asset separately from its own cash and cash equivalents. A corresponding liability is also recognised for this amount.

4. First time adoption of IFRS

Group Reconciliation of total comprehensive income for the period ended 30 June 2015

	Note	18 month period ended 30 June 2015 UK GAAP $'000	Reclassifi-cations $'000	Remea-surements $'000	18 month period ended 30 June 2015 IFRS $'000
Service fees		102,172	-	-	102,172
Player acquisition incentives		(9,848)	-	-	(9,848)
Player retention incentives		(4,610)	-	-	(4,610)
Revenue		87,714	-	-	87,714
Cost of sales		(21,231)	-	-	(21,231)
Gross profit		66,483	-	-	66,483
Administrative expenses		(144,254)	-	-	(144,254)
Operating loss		(77,771)	-	-	(77,771)
Finance income		18	-	-	18
Finance expenses	A, B	(17,129)	-	(7,858)	(24,987)
Loss before tax		(94,882)	-	(7,858)	(102,740)
Tax		(32)	-	-	(32)
Loss for the period		(94,914)	-	(7,858)	(102,772)

A Under previous UK GAAP, transaction costs of $15,098k associated with the D and E ordinary shares were deducted from the carrying value of debt. A finance charge of $14,590k was recorded to increase the carrying value of the D and E ordinary shares treated as debt to the amount that would be payable at the earliest contractual redemption date. Under IFRS, an accounting policy choice has been made to carry these instruments at fair value. As a result, the transactions costs have been fully expensed as a transitional adjustment and the previously recorded finance charge has been reversed. Under IFRS, the company carries the debt for D and E ordinary share at fair value and has therefore recognised a charge to the Income Statement of $7,165k for the fair value movement in the period.

B Under UK GAAP warrants issued over the Company's equity were recorded as a liability at the date of issue. Under IFRS, these amounts are required to be fair valued at each balance sheet date and the company recognised a charge to the Income Statement of $185k for the fair value movement in the period.

Notes to the financial statements
For the 6 month period ended 31 December 2015

4. First time adoption of IFRS (continued)

Group reconciliation of equity at 31 December 2013

	Note	31 December 2013 UK GAAP $'000	Reclassifi-cations $'000	Remea-surements $'000	31 December 2013 IFRS $'000
Non-current assets					
Property, plant and equipment		138	-	-	138
		138	-	-	138
Current assets					
Cash and bank balances	A, B	10,245	(9,376)	-	869
User deposits	A	-	10,703	-	10,703
Debtors		2,405	-	-	2,405
		12,650	1,327	-	13,977
Total assets		12,788	1,327	-	14,115
Current liabilities					
Trade and other payables		(161)	-	-	(161)
Accrued and other current liabilities	B	(1,681)	(1,327)	-	(3,008)
Borrowings		(1,070)	-	-	(1,070)
Social security and other taxes payable		(317)		-	(317)
Deferred revenue		(154)	-	-	(154)
User deposit liability		(10,703)	-	-	(10,703)
Other current liabilities	C	(300)	-	8	(292)
		(14,386)	(1,327)	8	(15,705)
Net current liabilities		(1,736)	-	8	(1,728)
Non-current liabilities					
B ordinary share liability		(1,569)	-	-	(1,569)
Borrowings		(2,892)	-	-	(2,892)
		(4,461)	-	8	(4,461)
Total liabilities		(18,847)	(1,327)	8	(20,166)
Net liabilities		(6,059)	-	8	(6,051)
Equity					
Called up share capital		2	-	-	2
Share premium account		18,103	-	-	18,103
Equity reserve		(229)	-	-	(229)
Retained earnings	C	(23,935)	-	8	(23,927)
Total shareholders' deficit		(6,059)	-	8	(6,051)

A Under UK GAAP user deposits were included in cash and bank balances. Under IFRS, these amounts should be presented on a separate line. Amounts of $10,703k have therefore been reclassified

B Under IFRS, certain bank balances that were overdraft were reclassed from cash and bank balances to accrued and other current liabilities. Amounts of $1,327k have therefore been reclassified

4. First time adoption of IFRS (continued)

C Under UK GAAP warrants issued over the Company's equity were recorded as a liability at the date of issue. Under IFRS, these amounts are required to be fair valued at each balance sheet date and the company recognized a charge to the Income Statement of $8k for the fair value movement in the period.

4. First time adoption of IFRS (continued)

Group reconciliation of equity at 30 June 2015

	Note	30 June 2015 UK GAAP $'000	Reclassifi-cations $'000	Remea-surements $'000	30 June 2015 IFRS $'000
Non-current assets					
Property, plant and equipment	D	2,105	(124)	-	1,981
Intangible assets	D	-	124	-	124
		2,105	-	-	2,105
Current assets					
Trade and other receivables					
Cash and bank balances	C	284,298	(37,869)	-	246,429
User deposits	C	-	37,869	-	37,869
Debtors		8,930	-	-	8,930
		293,228	-	-	293,228
Total assets		295,333	-	-	295,333
Current liabilities					
Trade and other payables		(1,619)	-	-	(1,619)
Accrued and other current liabilities		(7,589)	-	-	(7,589)
Borrowings		(1,710)	-	-	(1,710)
Social security and other taxes payable		(348)			(348)
Deferred revenue		(1,180)	-	-	(1,180)
User deposit liability		(37,869)	-	-	(37,869)
Other current liabilities	A	(533)	-	(177)	(710)
		(50,848)	-	(177)	(51,025)
Net current assets		242,380	-	(177)	242,203
Non-current liabilities					
B, D and E ordinary share liability	B	(344,572)	-	(7,673)	(352,245)
Borrowings		(451)	-	-	(451)
		(345,023)	-	(7,673)	(352,696)
Total liabilities		(395,871)	-	(7,850)	(403,721)
Net liabilities		(100,538)	-	(7,850)	(108,388)
Equity					
Called up share capital		2			2
Share premium account		17,924	-	-	17,924
Equity reserve		165	-	-	165
Retained earnings	A, B	(118,629)	-	(7,850)	(126,479)
Total shareholders' deficit		(100,538)	-	(7,850)	(108,388)

A Under UK GAAP warrants issued over the Company's equity were recorded as a liability at the date of issue. Under IFRS, these amounts are required to be fair valued at each balance sheet date and the company recognised a charge to the Income Statement of $185k for the fair value movement in the period.

4. First time adoption of IFRS (continued)

B Under previous UK GAAP, transaction costs of $15,098k associated with the D and E ordinary shares were deducted from the carrying value of debt. A finance charge of $14,590k was recorded to increase the carrying value of the D and E ordinary shares treated as debt to the amount that would be payable at the earliest contractual redemption date. Under IFRS, an accounting policy choice has been made to carry these debt instruments at fair value. As a result, the transactions costs have been fully expensed as a transitional adjustment and the previously recorded finance charge has been reversed and the company recognised a charge to the Income Statement of $7,165k for the fair value movement in the period.

C Under UK GAAP user deposits were included in cash and bank balances. Under IFRS, these amounts should be presented on a separate line. Amounts of $37,869k have therefore been reclassified.

D Under UK GAAP purchased software was included in property, plant and equipment. Under IFRS, computer software should be presented as an intangible assets. Amounts of $124k have therefore been reclassified.

5. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Determining whether the D and E ordinary shares include an embedded derivative

The D and E ordinary shares include a number of terms which could result in the holders of these instruments requiring the Company to repay these instruments, at varying levels of consideration. The Directors have formed a judgment that these terms represent embedded derivatives. Therefore, an accounting policy election has been made to carry these instruments at fair value through profit and loss.

Capitalisation of internally generated research and development expenditure

The Group invests significantly in the ongoing development of its key platforms. The criteria for capitalising these costs under IAS 38 is strict. The Directors consider each year whether the criteria has been met and form a judgment as to whether it is appropriate to capitalise these costs or not. In practice, it is difficult to demonstrate that the criteria will be met for ongoing projects where a degree of uncertainty exists. Currently all development expenditure has been expensed as incurred as a result.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and calculate a suitable discount rate in order to calculate the recoverable amount. The carrying amount of goodwill at the balance sheet date was $17,406k and there was no impairment loss recognised during the period ended 31 December 2015.

5. Critical accounting judgements and key sources of estimation uncertainty (continued)

Impairment of goodwill (continued)

Subsequent to the period end, a decision was made to cease operating the AlphaDraft platform. At the period end, there was no indication that this would take place. It is estimated that an impairment charge of $8,509k will be recorded in the next financial period. Further details can be found in note 28.

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. This includes the D and E ordinary share liabilities and the warrant instruments in issue. In addition, the Directors were required to assess the fair value of the assets and liabilities acquired through business combinations, as described in note 11.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note 31.

6. Revenue

The Group offers fantasy sports contests ("Contests") and fantasy sports tournaments ("Tournaments") to users. Contests are generally completed in a single day or up to one week. Tournaments are generally completed in one week or up to several months. Revenue represents entry fees less prizes paid and player acquisition and retention incentives.

The total revenue of the Group in both the current 6 month and previous 18 month period has been derived from this principal activity wholly undertaken in North America.

7. Operating loss

	6 month period ended 31 December 2015 $'000	(Restated) 18 month period ended 30 June 2015 $'000
Operating loss is stated after charging:		
Depreciation of tangible assets (note 13)	641	560
Amortization of intangible (note 12)	1,007	-
Loss on foreign exchange transactions	-	103
Research and development	1,304	2,011
Operating lease rentals		
- Plant and machinery	-	13
- Other assets	2,051	1,248
Staff costs (note 26)	23,573	17,343
Fees payable to the company's auditor		
- The audit of the company's annual accounts	62	30
- The audit of the company's subsidiaries	290	140
Total audit fees	352	170
- Other taxation advisory services	64	-
Total non-audit fees	64	-

8. Finance expense

	6 month period ended 31 December 2015 $'000	(Restated) 18 month period ended 30 June 2015 $'000
Interest income	39	18
Gain/(loss) on financial instruments at fair value through profit or loss	99,369	(7,350)
Change in fair value of contingent consideration	1,695	-
Transaction costs on issuance of D&E ordinary share liability	(396)	(15,098)
Loss arising on conversion of loan notes	-	(1,289)
Other fees and charges	(393)	(1,250)
Total finance income/(expense)	100,314	(24,969)

The gain/(loss) of financial instruments at fair value through profit or loss relates to the fair value movement on the D and E ordinary share liability and the gain/(loss) on the fair value of the warrants.

8. Finance expense (continued)

In the 6 month period to 31 December 2015, a fair value gain on the D&E ordinary share liability of $99,281k was recorded (18 months to 30 June 2015: loss of $7,165k). In the 6 month period to 31 December 2015, a fair value gain on the warrants of $88k was recorded (18 months to 30 June 2015: loss of $185k).

9. Marketing agreement

The Group has entered into a marketing agreement with the NBA and has agreed to pay a $300k license fee in 2016 and 2017, for a total of $600k. In addition, the Group has agreed to spend $1,500k for certain media from October 2016 through September 2017 and October 2017 through June 2018, for a total of $3,000k. If the NBA does not elect the Equity Option, the Group agreed to pay $9,400k from October 2016 through June 2018 (see note 28).

The marketing agreement also provides that the Group agrees to spend a minimum of $2,500k for team sponsorships from October 2016 through September 2017 and October 2017 through June 2018. Future commitments related to team sponsorship agreements with various NBA and NFL teams consisted of the following as of 31 December 2015:

Year ending 31 December,	**$'000**
2016	23,116
2017	23,807
2018	12,722
2019	8,270
2020	4,021
Thereafter	1,350
	73,286

10. Taxation

The major components of income tax expense are as follows:

	6 month period ended 31 December 2015 $'000	**(Restated) 18 month period ended 30 June 2015 $'000**
Current tax	-	-
Deferred tax	(612)	-
Foreign tax		
Foreign tax	-	32

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10. Taxation (continued)

Factors affecting the tax charge for the period:

	6 month period ended 31 December 2015 $'000	(Restated) 18 month period ended 30 June 2015 $'000
Loss on ordinary activities before taxation	(186,152)	(102,740)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (30 June 2015: 21.16%)	(37,230)	(21,740)
Effects of:		
Differences in overseas tax rates	(21,972)	(5,782)
Unrelieved tax losses	76,307	22,677
Non-deductible expenses	(17,717)	4,877
	36,618	21,772
Current tax (benefit)/charge for the period	(612)	32

Deferred tax assets (liabilities) attributable to the following temporary differences:

	Intangible assets $'000	Tax losses $'000	New deferred tax assets $'000
As of 30 June 2015	-	-	-
Credited to the income statement	441	171	612
Effect of acquisition of subsidiaries	(2,955)	1,922	(1,033)
As at 31 December 2015	(2,514)	2,093	(421)

The Company has tax losses arising in the UK of $202.8M (30 June 2015: $52.5M) that are available indefinitely for offset against future taxable profits of FanDuel Limited. In addition, the Group has tax losses of $149.0M (30 June 2015: $31.9M) arising in the United States that are available for a period of 20 years, for offset against future taxable profits in FanDuel Inc. Deferred tax can only be recognised to the extent which losses carried forward will be recoverable against future taxable profits. Due to the uncertainty associated with the recovery of these amounts against future profits, no deferred tax asset has been recognised at this stage for these losses.

The Finance (No 2) Act 2015 enacted reductions in the main rate of UK corporation tax from 20% to 19% from 1 April 2017 and from 19% to 18% from 1 April 2020. The Finance Act 2016 enacted a further 1% reduction in the main rate of corporation tax to 17% from 1 April 2020.

11. Acquisition of subsidiary

Kotikan

On 3 July 2015, the Group acquired 100 per cent of the issued share capital of Kotikan Limited ("Kotikan"), obtaining control of Kotikan. Kotikan operates as a mobile application developer for consumers and enterprises. Its development process entails product strategy, user research, design analytics, engineering, quality assurance and product delivery. The Group acquired Kotikan, who builds the Group's current mobile application, to have its employees as part of the Group's in house team.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	$'000
Financial assets	
Current assets	1,366
Property, plant and equipment	146
Computer software	27
Identifiable intangible assets	8
Financial liabilities	(294)
Total identifiable assets	1,253
Goodwill	5,706
Total consideration	6,959
Satisfied by:	
Cash	6,628
Equity instruments (E ordinary shares of parent company)	331
Total consideration transferred	6,959
Net cash outflow arising on acquisition:	
Cash consideration	6,628
Less: cash and cash equivalent balances acquired	(914)
	5,714

The fair value of the financial assets includes receivables from customers with a fair value of $167k and a gross contractual value of $167k. The best estimate at acquisition date of the contractual cash flows not to be collected is $0.

The goodwill of $5,706k arising from the acquisition consists of a talented workforce that expands the Group's expertise and synergies that are specific to the Group's business and not available to market participants. None of the goodwill is expected to be deductible for income tax purposes.

In connection with the acquisition, the chief executive officer of Kotikan was required to continue employment with Kotikan for a period of six months following the acquisition for additional cash consideration of $1,573k and redeemable E ordinary share consideration with a fair value of $78k consisting of 307 shares. The additional cash consideration of $1,533k, recorded based on a discounted present value, is expensed over the six-month required employment period. The additional share consideration has been accounted for as a share based payment, with compensation expense recognised over the requisite six-month service period. The additional cash and share consideration have been recognised as compensation expense within administrative expenses due to the contingent consideration being payable subject to the satisfaction of employment. The Group paid $1,573k in cash and issued 307 E ordinary shares during the first quarter of 2016.

11. Acquisition of subsidiary (continued)

The fair value of the E ordinary shares issued as part of the consideration paid for Kotikan ($331k) was determined on the basis of the value of a recent arms-length funding for E ordinary shares.

Acquisition-related costs (included in administrative expenses) amount to $173k.

Kotikan contributed $25k revenue and $54k to the Group's loss for the period between the date of acquisition and the balance sheet date.

If the acquisition of Kotikan had been completed on the first day of the financial period, any change to Group revenues and loss would be insignificant since the acquisition occurred towards the beginning of the period.

NumberFire

On 10 August 2015, the Group acquired 100 per cent of the issued share capital of numberFire, Inc. ("NumberFire"), obtaining control of NumberFire. NumberFire offers quantitative analysis and statistical reasoning tools for fantasy football through numberFire.com that allow users to access sports news, browse information for players, create a team, take daily poll, and access advanced analytics tools. The Group acquired NumberFire to enhance the user's experience by creating smarter and more engaged fans.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	$'000
Financial assets	
Current assets	48
Other assets	3
Identifiable intangible assets	4,080
Financial liabilities	(851)
Total identifiable assets	3,280
Goodwill	3,191
Total consideration	6,471
Satisfied by:	
Cash	4,000
Equity instruments (ordinary shares of parent company)	2,001
Indemnity contingent consideration arrangement	470
Total consideration transferred	6,471
Net cash outflow arising on acquisition:	
Cash consideration	4,000
Less: cash and cash equivalent balances acquired	(48)
	3,952

The Group issued 11,899 E3 ordinary shares, and 2,975 E3 ordinary shares are to be issued pending settlement of the indemnity consideration. The 2,975 E3 ordinary shares have been reflected as equity at the issuance date, as it was probable that the indemnity would be satisfied. The fair value of the share consideration was determined utilizing the backsolve method from the value of a recent arms-length funding for E ordinary shares.

11. Acquisition of subsidiary (continued)

The indemnity consideration E3 ordinary share fair value of $470k at the acquisition date, is payable 12 months following the acquisition provided that a certain customer does not assert that there is a violation of an exclusivity provision of a certain license agreement between numberFire and the customer. The contingent share consideration has been classified within equity at the acquisition date.

The fair value of the financial assets acquired includes no receivables.

The goodwill of $3,191k arising from the acquisition consists of a talented workforce that expands the Group's expertise and synergies that are specific to the Group's consolidated business and not available to market participants. None of the goodwill is expected to be deductible for income tax purposes.

Acquisition-related costs (included in administrative expenses) amount to $430k.

Numberfire contributed $520k revenue and $526k to the Group's loss for the period between the date of acquisition and the balance sheet date.

If the acquisition of NumberFire had been completed on the first day of the financial period, Group revenues for the period would have increased $77k and Group loss would have increased $1,010k.

Fandom

On 10 September 2015, the Group acquired 100 per cent of the issued share capital of Fandom Gaming, Inc. ("Fandom"), obtaining control of Fandom. Fandom operates an online fantasy platform for e-sports through AlphaDraft.com where users can enter daily/weekly fantasy esports contests for cash and prizes. The Group acquired Fandom to take advantage of the opportunity for a significant vertical market within daily fantasy sports.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	$'000
Financial assets	
Current assets	502
Other assets	32
Property, plant and equipment	10
Identifiable intangible assets	2,803
Financial liabilities	(442)
Total identifiable assets	2,905
Goodwill	8,509
Total consideration	11,414
Satisfied by:	
Cash	-
Equity instruments (E3 ordinary shares of the parent company)	8,124
Contingent consideration arrangement	3,290
Total consideration transferred	11,414
Net cash inflow arising on acquisition:	
Cash and cash equivalent balances acquired	316
	316

The fair value of the financial assets includes no receivables.

11. Acquisition of subsidiary (continued)

The Group issued 41,091 shares of E3 ordinary shares, and 7,230 E3 ordinary shares are to be issued for general representations and warranties. The 7,230 E3 ordinary shares have been reflected as equity, at the issuance date, as it was probable that the general representations and warranties would be satisfied.

The convertible E3 ordinary shares will be released from escrow 12 months following the acquisition subject to the conditions of the general representations and warranties. The E3 ordinary shares have been classified within equity at the acquisition date.

The contingent consideration amount of $3,290k was recorded based on a discount for lack of marketability at the acquisition date for the future issuance of a variable number of E3 ordinary shares. The number of shares to be issued is based on a fixed amount of $3,500k divided by the price per share as of the most recent financing round. This is currently set at a price of $168.12 per share based on a recent financing round of E3 ordinary shares in November of 2015, for a total of 20,818 E3 ordinary Shares to be issued upon satisfaction of the contingency. The contingent consideration is payable upon Fandom obtaining a certain minimum net revenue target during an earnout period commencing September 2015 and ending February 2017. The contingent consideration has been classified as a liability initially measured at fair value with subsequent measurement at fair value at the reporting date with any changes in fair value recognised in earnings until the contingent consideration arrangement is resolved.

The goodwill of $8,509k arising from the acquisition includes the acquisition of a talented workforce that expands the Group's expertise and synergies that are specific to the Group's consolidated business and not available to market participants. None of the goodwill is expected to be deductible for income tax purposes.

Acquisition-related costs (included in administrative expenses) amount to $314k.

Fandom contributed no revenue and $2,266k to the Group's loss for the period between the date of acquisition and the balance sheet date.

If the acquisition of Fandom had been completed on the first day of the financial period, Group revenues for the period would have increased $330k and the Group's loss would have increased $1,519k.

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12. Intangible assets

	Goodwill $'000	Purchased Software $'000	Capitalized Development Costs $'000	Brand Name $'000	Customer Related Intangibles $'000	Total $'000
Cost						
At 31 December 2013 (restated)	-	-	-	-	-	-
Additions	-	124	-	-		124
At 30 June 2015 (restated)	-	124	-	-	-	124
Additions	-	6	-	-	-	6
Acquisitions of subsidiary undertakings	17,406	27	4,160	890	1,838	24,321
At 31 December 2015	17,406	157	4,160	890	1,838	24,451
Amortization						
At 31 December 2013 (restated)	-	-	-	-	-	-
Additions	-	-	-	-	-	-
At 30 June 2015 (restated)	-	-	-	-	-	-
Amortization for the period	-	20	857	34	96	1,007
At 31 December 2015	-	20	857	34	96	1,007
Net book value						
At 31 December 2013 (restated)	-	-	-	-	-	-
At 30 June 2015 (restated)	-	124	-	-	-	124
At 31 December 2015	17,406	137	3,303	856	1,742	23,444

13. Property, plant and equipment

	Computers $'000	Leasehold $'000	Furniture $'000	Total $'000
Cost				
At 1 January 2013	116	-	50	166
Additions	77	-	8	85
Disposals	(6)	-	-	(6)
Exchange differences	2	-	-	2
At 31 December 2013	189	-	58	247
Additions	1,208	883	310	2,401
Disposals	-	-	(48)	(48)
At 30 June 2015	1,397	883	320	2,600
Acquired through acquisition	78	-	77	155
Additions	907	3,365	610	4,882
At 31 December 2015	2,382	4,248	1,007	7,637
Depreciation				
At 1 January 2013	12	-	8	20
Charge for period ending	65	-	24	89
At 31 December 2013	77	-	32	109
On disposals	-	-	(50)	(50)
Charge for period ending	295	160	105	560
At 30 June 2015	372	160	87	619
Charge for period ending	373	151	117	641
At 31 December 2015	745	311	204	1,260
Carrying amount				
At 31 December 2013	112	-	26	138
At 30 June 2015	1,025	723	233	1,981
At 31 December 2015	1,637	3,937	803	6,377

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14. Other debtors

	31 December 2015 $'000	30 June 2015 $'000	31 December 2013 $'000
Prepaid and other current assets	4,960	4,875	196
Other receivables	3,038	4,055	2,209
	7,998	8,930	2,405

15. User deposits and user deposit liability

The user deposit liability of $82,548k (30 June 2015: $37,869k) represents the e-wallet balances of users of the Fanduel platform and consists the cash balance in user e-wallets. The Group receives monies from its users. This money is stored in the Group's bank accounts but it is available to users immediately on demand. The Group presents the corresponding cash asset separately from its own cash and cash equivalents. A corresponding liability is also recognised for this amount.

16. Accruals and other creditors

	31 December 2015 $'000	(Restated) 30 June 2015 $'000	(Restated) 31 December 2013 $'000
Current			
Accrued marketing costs	13,471	3,255	-
Other accrued expenses	16,258	4,182	3,008
Social security and other taxes payable	280	500	317
	30,009	7,937	3,325

17. Other current liabilities

Included in other current liabilities of $541k (30 June 2015: $710k) is a liability of $401k (30 June 2015: $489k) associated with warrant instruments. Further details are included in note 31.

18. Creditors: amounts falling due after more than one year

	31 December 2015 $'000	30 June 2015 $'000	31 December 2013 $'000
Credit line (see note 23)	1,553	451	2,892
B ordinary shares treated as debt	1,569	1,569	1,569
D ordinary shares treated as debt	55,812	80,558	-
E ordinary shares treated as debt	218,241	270,118	-
Contingent earnout at fair value	1,595	-	-
	278,770	352,696	4,461
Analysis of loans			
Wholly repayable within five years	278,770	354,406	5,531
Credit line included in current liabilities	-	(1,710)	(1,070)
	278,770	352,696	4,461
Loan maturity analysis			
In more than one year but not more than two years	3,148	451	2,892
In more than two years but not more than five years	275,622	352,245	1,569

The B ordinary shares, which carry a right to a fixed, cumulative, non-compounding preference dividend of 8% per annum of the subscription price of the share, have been allocated between debt and equity components.

The D and E ordinary shares entitle the holder of shares to a redemption premium equalling the greater of 150% of the subscription price in respect of the shares held or the fair value of the D and E ordinary shares at the time of redemption. These instruments have been designated at fair value through profit or loss, as they include an embedded derivative.

During the period, the Company issued 35,487 (30 June 2015: 53,232) D ordinary shares in consideration for marketing rights granted to the parent company's subsidiary, Fanduel Inc. For full details, refer to note 21.

During the period, the Company issued 773 E ordinary shares in connection with a consulting agreement with the parent company's subsidiary, Fanduel Inc. For full details, refer to note 21.

In October 2015, the Group entered in a loan and security agreement with a banking institution. Under the arrangement the Group borrowed $1,664k under a term loan ("the Term Loan") and incurred a total of $111k of issuance costs in the connection with the loan and security agreement.

19. Provisions

	31 December 2015 $'000	30 June 2015 $'000
Legal settlement provision	4,839	-
	4,839	-

Classified as:

	31 December 2015 $'000	30 June 2015 $'000
Current	957	-
Non-current	3,882	-
	4,839	-

In 2015, the Group was named in a civil action brought by the State of New York alleging false and deceptive advertising claims. On 25 October 2016, the Group and the Office of the Attorney General of the State of New York entered into a settlement agreement in the amount of $6 million resolving all advertising-related claims in the civil action. The settlement amount is to be paid in installments, with $1 million to be paid on 24 November 2016, 2017 and 2018 and the final $3 million to be paid on or before 24 November 2019. The settlement amount has been recorded within general and administrative expense in the consolidated statement of operations. A total of $957k (recorded net of imputed interest) of the settlement liability is classified as current in accruals and other current liabilities and $3,882k (recorded net of imputed interest) of the liability is classified as non-current in the consolidated balance sheet as of 31 December 2015.

All of the provision was created during the period. There was no utilisation of this amount.

20. Retirement benefits

	31 December 2015 $'000	30 June 2015 $'000
Contributions payable by the group for the period	216	236
	216	236

21. Share-based payment transactions

FanDuel grants share options to employees of the Group. Options are exercisable at a price equal to the estimated fair value of the Company's shares on the date of grant. All options are settled by physical delivery of shares. The number of outstanding options and the conditions attached to each tranche are detailed below:

Grant date	No. of shares	Contractual life of options
2011	285,504	10 years or exercisable on sale of listing
2012	85,381	10 years or exercisable on sale of listing
2013	84,820	10 years or exercisable on sale of listing
2014	34,046	10 years or exercisable on sale of listing
2015	226,589	10 years or exercisable on sale of listing
Total options granted	716,340	
Options lapsed	(48,608)	
Options exercised	(119,665)	
Outstanding at end of period	548,067	

As of 31 December 2015, 223,289 of the above noted options had vesting conditions attached. All other options have no conditions attached.

Further details of the share option plans are as follows:

	31 December 2015		30 June 2015	
	Number of options	Weighted average exercise price $'000	Number of options	Weighted average exercise price $'000
Outstanding at beginning of period	434,096	3.32	417,515	2.09
Granted during the period	146,955	9.35	113,680	11.19
Options lapsed	(20,804)	3.84	(9,233)	2.51
Exercised during the period	(12,180)	1.23	(87,866)	2.11
Outstanding at end of period	548,067	6.90	434,096	3.32
Exercisable at the end of period	324,778	3.18	276,048	2.00

The estimated fair value of the options issued in the period was calculated by applying the Black Scholes Model. The weight average fair value of the options at the measurement date was $3.32. The expense recognised for share based payments in respect of employee services received during the period to 31 December 2015 is $379k (30 June 2015: $220k).

21. Share-based payment transactions (continued)

The model inputs were as follows:

	31 December 2015	30 June 2015
Expected volatility	50.00%	50.00%
Risk Free interest rate	1.68%-2.27%	1.49%-1.88%
Expected life (years)	5.00-10.00	5.64-6.05
Dividend yield	-	-

The options outstanding at the period end have an exercise price in the range of $1.70 to $15.81.

During the period, the Company has issued 35,487 (30 June 2015: 53,232) D ordinary shares in consideration for marketing rights granted to the Company's subsidiary, FanDuel Inc. resulting in a share based payment charge in the P&L of $2,170k (30 June 2015: $3,984k). A further 53,231 D ordinary shares will be issued in the period to 30 September 2016, and at the option of the licensee either further equity instruments or cash payment up to the value of $9,400K for the period 1 October 2016 to 30 June 2018.

During the period, the Company issued 773 E ordinary shares in connection with a consulting agreement with a certain company and the Company's subsidiary, FanDuel Inc. resulting in a share based payment charge in the P&L of $156k. A further 2,575 E ordinary shares will be issued in the period to 7 October 2016.

22. Share capital

	31 December 2015 $'000	30 June 2015 $'000	31 December 2013 $'000
Allotted, called up and fully paid			
230,702 (30 June 2015 – 222,971) (2013 – 130,619) Ordinary shares of £0.001 each	-	-	-
173,792 (30 June 2015 - 173,792) (2013 – 173,792) A ordinary shares of £0.001 each	-	-	-
442,281 (30 June 2015 - 442,281) (2013 –442,281) B ordinary shares of £0.001 each	1	1	1
655,640 (30 June 2015 - 655,640) (2013 – 655,640) C ordinary shares of £0.001 each	1	1	1
109,129 (30 June 2015 - nil) (2013 – nil) E3 ordinary shares of $.001 each	-	-	-
1,000 (30 June 2015 – 1,000) (2013 – 1,000) Z ordinary shares of £0.001 each	-	-	-
	2	2	2
Shares classified as debt			
Allotted, called up and fully paid			
1,139,022 (30 June 2015 – 1,103,535) (2013 – nil) D ordinary shares of $.001 each	1	1	-
1,080,387 (30 June 2015 – 1,004,013)) (2013 – nil) E ordinary shares of $.001 each	1	1	-

During the period the Company issued 7,731 ordinary shares of £0.001 each to various shareholders. The total cash consideration for these shares was $14k.

22. Share capital (continued)

During the period the Company issued 35,487 D ordinary shares of $.001 in connection with the marketing agreement. For full details, refer to note 21.

During the year the Company issued 76,374 E ordinary shares (which includes 773 shares issued in connection with the marketing agreement and 1,231 shares issued in connection with an acquisition) of $.001 each to various shareholders. The total cash consideration for these shares was $20,000k.

During the year the Company issued 109,129 E3 ordinary shares (which includes 52,990 shares issued in connection with the acquisitions) of $.001 each to various shareholders. The total cash consideration for these shares was $12,353k (less issue costs of $111k).

The B ordinary shares carry the right to a fixed, cumulative, non-compounding preference dividend of 8% per annum of the subscription price of the share. The share capital and share premium of B ordinary shares has been split between debt and equity as accounting standards require instruments to be split into equity and non-equity components, where shares have characteristics of both debt and equity. The debt element has been calculated using a discounted cash flow of future dividend payments.

The D ordinary shares are available for repayment on 30 June 2017 at a premium of the greater of 150% of the principal or the fair value of the D ordinary shares at the time of redemption. The E ordinary shares are available for repayment on 1 January 2018 at a premium of the greater of 150% of the principal or the fair value of the D Ordinary shares at the time of redemption. As a result, both the D and E ordinary shares have been allocated to debt to reflect the repayment conditions attached to the shares. Refer to note 28 for details of events that have occurred after the balance sheet date.

Ordinary shares, A ordinary shares, B ordinary shares, C ordinary shares, D ordinary shares, E ordinary shares and E3 ordinary shares each have the same voting rights. Refer to note 28 for details of events that have occurred after the balance sheet date.

Convertible notes

The Group issued convertible loan notes on the following dates:

On 24 February 2014, the Group issued convertible loan notes with an aggregate principal amount of $6,262k. The principal amount of these notes (together with accrued interest) was converted into 114,034 D ordinary shares of $.001 each on 4 August 2014.

Z Shares

On 4 December 2013, a new class of shares was created in the capital of the Company (the Z shares) for the purpose of providing targeted share incentives to a limited number of members of senior management. Provided that certain hurdles are achieved, the Z shares entitle their holders to various participations on any return of capital, winding up or other realisation event in respect of the company (all as more particularly set out in the articles of association of the company). On 13 December 2013, the company issued options in respect of 2,000 Z shares (which were subsequently exercised on 10 April 2015) and also issued 1,000 Z shares. Refer to note 28 for details of events that have occurred after the balance sheet date.

Warrants

On 26 April 2013, in connection with a venture debt facility entered into by the Group, the Company granted warrants to Venture Lending and Leasing VI, LLC and Venture Lending and Leasing VII, LLC on identical terms to subscribe for shares in the Company. The number of shares which may be acquired pursuant to such warrants is variable and depends upon (i) a variable exercise price per share; and (ii) the method by which the Warrant holders elect to exercise their warrants. The class of shares which may be acquired pursuant to such warrants is (at the Warrant holders' option) either C ordinary shares of 0.1 pence each or D ordinary shares of 0.1 cent each in the capital of the Company. The current maximum number of shares which may fall to be issued on an exercise (in full) of these warrants is 23,076 C ordinary shares or D ordinary shares of 0.1 cent each. These warrants lapse on 30 September 2023. Refer to note 28 for details of events that have occurred after the balance sheet date.

23. Securities

Group

The Group has a credit line facility drawndown at the period end of $nil (30 June 2015: $2,161k) provided by Venture Lending and Leasing VI INC. Security over this credit line has been provided in the form of warrants over C ordinary shares, which can be exercised up until 30 September 2023. The credit line was repaid during October 2015.

24. Financial commitments

At 31 December 2015, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings	
	31 December 2015 $'000	30 June 2015 $'000
Within one year	2,604	1,568
Between two and five years	15,822	15,810
In over 5 years	19,534	21,366
	37,960	38,744

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of 10 years.

In August 2015, the Group entered into a lease agreement for the 14th, 15th, and 12th floor of an office building in New York. The lease on the 14th and 15th floors commenced in November 2015 and expires July 2026 and provides for a rent free period through July 2016 and an escalation clause for rental payments due after July 2021. The lease on the 12th floor commenced in September 2016 and expires July 2026 and provides for a rent free period through April 2017 and an escalation clause for rental payments due after July 2021. In February 2017 the Group entered into a sublease agreement for the 12th floor, where the subtenant will pay the Group approximately $3,043k starting June 2017 and ending March 2020, plus escalations on the 1st and 2nd anniversary dates for real estate taxes.

In August 2014, the Group entered into a lease agreement for office space in New York. The lease expires in May 2018 and provided for a rent free period through December 2014 and an annual escalation clause of rental payments due. In August 2016 the Group entered into a sublease agreement, where the subtenant will pay the Group approximately $1,227k starting September 2016 and ending May 2018, plus escalations for real estate taxes.

In June 2015, the Group entered in a lease agreement for office space in Edinburgh Scotland. The lease provided for a rent free period through August 2015 and an escalation clause for rent paid after January 2018 and again after June 2020. The lease can be cancelled by the Group in June 2020 or extended through June 2025.

In September 2014, the Group entered in a lease agreement for office space in Edinburgh Scotland which expires in October 2022.

25. Directors' remuneration and key management personnel

	31 December 2015 $'000	30 June 2015 $'000
Remuneration for qualifying services	239	442

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	138	372
Pension contributions	6	-
	144	372

The remuneration of the key management personnel of the Group is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	31 December 2015 $'000	30 June 2015 $'000
Short-term employee benefits	932	1,452

26. Employees

Number of employees

The average monthly number of employees (including directors) during the period was:

	31 December 2015 Number	30 June 2015 Number
Management and Admin	127	80
IT	182	110
Marketing	63	40
	372	230

26. Employees (continued)

Employment costs

	31 December 2015 $'000	30 June 2015 $'000
Wages and salaries	21,319	15,492
Social security costs	1,663	1,395
Other pension costs	374	236
Costs of share option scheme	217	220
	23,573	17,343

27. Control

In the directors opinion there is no ultimate controlling party of the Company, either directly or indirectly.

28. Post balance sheet events

In March 2016, the Company repaid an outstanding term loan of $1,664k.

On 31 March 2016, the Company entered into an agreement for the issuance of $55 million fixed rate secured guaranteed paid in-kind convertible notes (the "Convertible Note(s)"), which was amended from time to time, for a total issuance of $62.5 million of principal issued to existing equity holders of the Company. The Convertible Notes accrued interest at a rate of 25% per annum (for fully participating notes) or 10% per annum (for partially participating notes) and any unpaid interest was to be added to the principal with an original maturity on 31 March 2018. In connection with the issuance of the Convertible Notes the Company created a new share class of E4 ordinary shares and issued 227,822 warrants (the "E4 Warrants") at a price of $.001 (fully prepaid upon issuance) each to acquire E4 ordinary shares. The E4 Warrants were exercisable until the earlier of the tenth anniversary date from the Convertible Note issuances or certain contingent events. In addition, in connection with the issuance of certain Convertible Notes, the Company issued 8,718 supplement warrants (the "Ordinary Warrants") at a subscription price of $.001 (fully prepaid upon issuance) each to acquire Ordinary Shares. The Ordinary Warrants were exercisable until the earlier of the tenth anniversary date from the Convertible Note issuances or certain contingent events.

In July 2016, the Board of Directors of the Company approved the repricing of certain outstanding stock options to purchase ordinary shares of the Company held by officers, other employees, current and former non-employee directors, employees and independent contractors previously granted under the option plan. As a result, the exercise price of 201,765 options was lowered to a strike price of $3.75 per share. There was no change in the number of shares subject to each option, vesting or other terms of the options. Prior to the repricing, many of the options had exercise prices above the current estimated fair value of the Company's ordinary shares.

In August 2016, the Group decided to discontinue the operations of Fandom. Consequently, management evaluated the Goodwill associated with Fandom, as well as the finite lived intangible asset group for impairment. On the basis that the fair value of future cash flows of Fandom were zero, the Group fully impaired the relevant goodwill and finite lived intangibles, which had a gross carrying value of $8,509k and $2,800k, respectively, at the balance sheet viewed as a non-adjusting event.

In August 2016 and February 2017, the Group received approximately $596k and $457k, respectively, for the assignment of leases.

In October 2016 the Group undertook a restructuring exercise. This resulted in the termination of approximately 60 employees. Severance costs of approximately $1.5 million were incurred as a result of this action.

In October 2016, the Group entered into a loan and security agreement (the "Loan") with an external lender in the aggregate principal amount of up to $25 million, of which the Group drew down $20 million. Additional advances are subject to certain performance milestones and can be requested beginning on 30 June 2017 and continuing until 30

28. Post balance sheet events (continued)

September 2017 in minimum increments of $2.5 million. The maturity date is 1 November 2019 with interest only payments through 1 September 2017. The interest only payments can be extended to certain dates through 1 December 2018 if certain conditions are satisfied. Upon the interest only period expiring, the principal balance that is outstanding is due in equal monthly installments of principal and interest based on the number of months remaining through the maturity date. The interest rate is the greater of either (i) the prime rate as reported in the Wall Street Journal plus 7.25%, or (ii) 10.75%. The Loan is subject to prepayment penalties in certain circumstances and provides for an end of term charge of

$1,388k and in the event certain equity milestones have not been achieved the charge will be $1,888k. The agreement also provides for a security interest in certain personal property. In connection with the Loan, the Company issued 4,648 warrants to acquire certain shares which are subject to certain conversion provisions.

On 17 November 2016, the Company approved a proposed acquisition with its shareholders that was entered into on 18 November 2016 providing for an all-share combination with DraftKings Inc. ("DraftKings") by means of an acquisition (the "Merger"), where FanDuel Limited and DraftKings (the "Parties") would operate under a new entity as a "Combined Group." As part of the Merger, the Company agreed to a restructuring of the share capital of the Company (the "Non-Merger") (collectively the Merger and Non-Merger being referred to as the "Reorganisation"). In connection with the Reorganisation, the Company amended certain terms of the Convertible Note agreement and E4 Warrants. The amended terms altered the number and class of shares which the Convertible Notes would convert into depending on the outcome of a Merger or Non-Merger, in additional to other amendments.

In June 2017, the Marketing Agreement (see note 9) was amended to no longer provide for the Equity Option and the Company agreed to the issuance of 26,216 E ordinary shares (issued in June 2017), as consideration for the rights granted under the Marketing Agreement with respect to a third contract year and a cash payment of $4,700k for the fourth contract year to be paid on or before 1 October 2017.

Effective 12 July 2017 (the "Termination Date"), the Merger was terminated by mutual agreement (the "Termination Agreement") and under the terms of the agreement, DraftKings is required to pay the Company $2 million within 90 days of the Termination Date, otherwise, $3 million will be due no later than six-months following the Termination Date. In addition, certain provisions of the Termination Agreement may require the Company to make the following payments over a 12-month period following the Termination Date: (i) not less than $5.5 million to certain joint lobbying efforts providing DraftKings makes an equal or greater amount; and (ii) up to $6.0 million to a mutually agreed-upon joint lobbying effort providing DraftKings makes an equal or greater amount.

On 9 August 2017, as a result of the Termination Agreement, the Non-Merger restructuring (the "Restructuring") became effective pursuant to the terms of the Reorganisation. Under the Restructuring certain classes of ordinary shares or warrants for the issuance of ordinary shares received a number of shares in accordance with a conversion ratio (the "A Preference Shares") (having a liquidation preference over the New Ordinary Shares and New Deferred Shares) and each shareholder holding each class of ordinary shares received a number of New Ordinary Shares in accordance with a conversion ratio (having a liquidation preference over the New Deferred Shares). In addition, New Deferred Shares were issued to certain equity holders. Further, the Convertible Notes and E4 Warrants held by each noteholder converted into a certain number of A Preference Shares or New Ordinary Shares in accordance with a conversion ratio. New Ordinary Shares have voting rights at general meetings of one vote per share.

28. Post balance sheet events (continued)

A summary of the issued share capital and liquidation preference under the Restructuring is as follows:

Class of shares before the Restructuring (1)	Conversion ratio	Shares immediately after Reorganization under the Restructuring (2) New Ordinary Shares	A Preference Shares	New Deferred Shares	Liquidation preference (3) $'000
Ordinary share	1.25 New Ordinary Shares 1 New Deferred Share	675,967	-	540,807	$ -
A ordinary share	1 New Ordinary Share 1 A Preference Share	173,792	173,792	-	1,637
B ordinary share	1 New Ordinary Share 1 A Preference Share	695,002	695,002	-	3,402
C ordinary share	1 New Ordinary Share 1 A Preference Share	674,824	674,824	-	10,477
D ordinary share	1.5 New Ordinary Shares 1 A Preference Share	1,788,378	1,192,253	-	77,818
E ordinary share	3.35 New Ordinary Shares 1 A Preference Share	3,634,473	1,084,920	-	290,610
E3 ordinary share	0.5 New Ordinary Share 1 A Preference Share 1 New Deferred Share	54,546	109,129	54,583	29,347
E4 ordinary share	3.35 Ordinary Shares 1 A Preference Share	763,184	227,822	-	61,266
Convertible Loan Note conversion share	A Preference Share	-	47	-	83,384
Z ordinary share	60 New Ordinary Shares 1 New Deferred Share	180,000		3,000	
Ordinary shares under option	1.25 New Ordinary Shares	402,020	-	-	-
		9,042,186	4,157,789	598,390	$ 557,941

The result of the Restructuring will be that a shareholder will receive in exchange, for each share of the class of share listed above in column (1) of the table held by the shareholder, the number and class of share listed in column (2) subject to the liquidation preference (for the A, B and C ordinary shares denominated in GBP the USD presented is at the spot rate as of 9 August 2017) listed in column (3)

In September 2017, the Group settled a civil action brought by the State of Massachusetts for $1,300k with a payout over 3 years ($500k during September 2017, and 2 payments of $400k during September 2018 and 2019) viewed as a non-adjusting event.

28. Post balance sheet events (continued)

On 13 September 2017, the Company authorised a $30 million fixed rate unsecured convertible notes (the "2017 Note(s)") and issued approximately $26.4 million during September 2017. The 2017 Notes were designated upon issuance as follows: (1) non-participating notes which do not bear interest; and participating notes in which the (2) partially participating notes accrue interest at 10% per annum on a non-compounding basis; and (3) fully participating notes accrue interest at 25% per annum on a compounding basis. Any unpaid interest will be added to the principal with a maturity on the third anniversary date of the 2017 Note instrument with certain repayment acceleration provisions under certain events of default. If a liquidation event, as defined in the 2017 Note instrument, occurs prior to the conversion of the 2017 Notes, unless prior to the completion of a liquidation event the Group and Noteholder Majority agree that all or some of the amounts which would otherwise be due shall be converted into shares of the Group, they will become immediately due and payable as follows: (1) the non-participating notes outstanding principal; (2) the partially participating notes outstanding principal and accrued but unpaid interest; and (3) the fully participating notes at an amount equal to 150% of the aggregate outstanding principal and accrued but unpaid interest. The 2017 Notes may only be prepaid by the Group upon written approval of 70% of the note holders holding participating notes (the "Noteholder Majority") with no penalty or premium due upon prepayment. The 2017 Notes provide for automatic conversion in an equity round financing at the election of a Noteholder Majority with a discount of 80% of the conversion round price per share issued in the equity financing round of the same share class to investors.

As outlined in the legal and regulatory environment section on page 3, the Group continues to be involved in ongoing legal cases and has settled a number of these post year end.

29. Contingent liabilities

Legality of fantasy sports

As a leader of the fantasy sports industry, the Group became the subject of civil litigation and a number of government / regulatory inquiries in the United States during 2015 and 2016. State Attorney Generals in a select number of States (for example, Illinois, New York, Nevada, Tennessee, Hawaii, Alabama, Mississippi and Texas) issued adverse advisory opinions addressing the legality of fantasy sports and, as a leading company in the US fantasy sports industry, the Group was also named in a number of class action suits related to certain promotional and marketing activities of the Group. Other state Attorney Generals have issued opinions noting that fantasy sports are legal (for example, Rhode Island and West Virginia), or implemented regulations to govern the operation of fantasy sports in the state (Massachusetts).

The Group considers itself to operate lawfully and is accordingly defending its position. As part of this defence strategy, the Group has sought to either litigate or resolve potential claims where necessary until legal clarity is achieved. As of the date of this report, the regulatory issues have largely been resolved. Of the US States in which legality was challenged, FanDuel either obtained a full release from any potential penalties or damages and ceased offering paid contests (Alabama, Hawaii, Idaho and Texas), or the state passed legislation, and the Group was allowed to continue or resume operations (Delaware, New York, Mississippi and Tennessee). The Group also suspended contests in Nevada on 15 October 2015 in response to that state's determination that the operations were subject to the state's gambling regulations. In response to the Illinois Attorney General's adverse written opinion, FanDuel immediately filed a declaratory judgment action against the Attorney General, seeking a declaration from the State Court that FanDuel's contests are legal under Illinois law. The Group continues to operate in Illinois while the matter is pending as the Attorney General's opinion has no legal binding effect.

With regard to Illinois, the only regulatory matter that remains unresolved, there are a range of possible outcomes that are not within the Group's control. It is not possible to comment with any degree of certainty around likely outcomes. The range of outcomes could include clearing the Group's activities as lawful, introducing new or stricter regulation, or prohibiting the Group's platform. If the Group's activities were determined to be unlawful and prohibited from operating in Illinois, there is the potential for damages to be levied. As such, these material legal and regulatory uncertainties could have a significant impact on the Group's future operations.

29. Contingent liabilities (continued)

Legality of fantasy sports (continued)

It is not possible to estimate with certainty the probability of the Group's success in defending its position in States that remain unsettled, nor can it be fully confirmed whether the Group may have to defend against claims asserting an obligation as a result of past actions which could lead to a transfer of economic benefits, notwithstanding that no such obligations have been incurred to date. Accordingly, no provision has been made in the financial statements. As such, these matters are classified as contingent liabilities.

Other litigation and claims

In 2015, the Group was named in a class action lawsuit on behalf of college athletes whose names and/or likenesses were used by the Group to operate fantasy sports contests from 1 November 2011 to the present; the claimants allege that damages are in excess of $5m. Although the Group has taken advice that it has strong defences to the claims if the case reaches a merits determination, it is not possible to reliably estimate with certainty the amount required to settle the suit as of the balance sheet date. As such, this matter is classified as a contingent liability.

In 2015, the Group was named in various class action and other lawsuits relating to various claims for negligence, fraud and misrepresentation, violation of consumer protection statutes, and unjust enrichment relating to its advertising practices and contests. Nearly all of these cases have been consolidated into a single multi district litigation; the claimants allege that damages are in excess of $5m. The other two similar claims are currently pending in state courts alleging substantially the same allegations. Although the group has taken advice that it has strong defences to the claims if the case reaches a merits determination, it is not possible to reliably estimate the probability of the Group's success in defending its position in these cases, nor is it possible to reliably estimate the amount required to settle the suits as of the balance sheet date. As such, this matter is classified as a contingent liability.

In 2016, the Group was named in a civil lawsuit alleging patent infringement relating to eight U.S. patents covering a variety of high-level interactive services claims. The Group has previous advice on the asserted patents based upon which it believes it has strong defences to the claims, though it is not possible to reliably estimate the probability of the Group's success in defending its position in these cases, nor is it possible to reliably estimate the amount required to settle the suits as of the balance sheet date. As such, this matter is classified as a contingent liability.

In 2017, the Group was named in a civil lawsuit alleging breach of contract and unfair or deceptive business practices. The Group has previous advice on the asserted claims based upon which it believes it has strong defences to the claims, though it is not possible to reliably estimate the probability of the Group's success in defending its position in these cases, nor is it possible to reliably estimate the amount required to settle the suits as of the balance sheet date. As such, this matter is classified as a contingent liability.

30. Related party relationships and transactions

Group

During the period $11,464 (30 June 2015: $36,135) was paid to Pentech Ventures LLP in respect of the director services of M F J Moens. At the period end $5,556 (30 June 2015: $6,440) of these directors fees were included as an accrual.

During the current period $nil (30 June 2015: $36,135) was paid to Piton Capital LLP in respect of the director services of A Bachmann. At the period end $25,926 (30 June 2015: $15,717) of these director fees were included as an accrual.

31. Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains consistent with that applied during the period to 30 June 2015.

The capital structure of the Group consists of net debt (borrowings disclosed in note 18 after deducting cash and bank balances) and equity of the Group (comprising issued capital, reserves and retained earnings).

The Group is not subject to any externally imposed capital requirements.

The Group's Directors review the capital structure on a semi-annual basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. There is no current target net debt to equity ratio in place given the Group continues to grow at a fast pace and requires funding to do so. As a result, the Group is currently in a shareholders' deficit position. As detailed in note 18, the D & E ordinary shares are classified as liabilities at fair value through profit and loss due to certain repayment clauses being inherent within. The Directors view these as being capital in nature and therefore add these back when considering the equity structure by which the Group is managed day to day.

Refer to note 28 for details of post balance sheet events, where it is confirmed that the redemption rights of these instruments has been removed as a result of the Restructuring exercise that was undertaken.

Capital structure

The capital structure of the entity, in the view of the Directors, is shown below. The company remains highly geared – there is no current target gearing ratio given the high growth nature of the company.

	31 December 2015 $'000	30 June 2015 $'000
Debt	(277,175)	(352,696)
Cash and cash equivalents	50,974	246,429
Net Debt	(226,201)	(106,267)
Shareholders' deficit	(270,663)	(108,388)
Fair value of D&E ordinary share liability	274,053	350,676
Shareholders funds excluding D&E ordinary share liability	3,390	242,288

Debt is defined as long- and short-term borrowings (excluding derivatives and financial guarantee contracts) as detailed in note 18.

Shareholders' deficit includes all capital and reserves of the Group that are managed as capital.

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 3.

31. Financial instruments (continued)

Categories of financial instruments

	31 December 2015 $'000	30 June 2015 $'000
Financial assets		
Cash	50,974	246,429
Loans and receivables	3,272	-
Financial liabilities		
Fair value through profit and loss (FVTPL)		
Designated as FVTPL	274,053	350,676
Amortised cost	47,818	5,349

Financial liabilities designated as at FVTPL

	31 December 2015 $'000	30 June 2015 $'000
Changes in fair value attributable to changes in credit risk recognised during the period	107,741	154,099
Cumulative changes in fair value attributable to changes in credit risk	261,840	154,099
Difference between carrying amount and contractual amount at maturity:		
Fair value of liabilities designated at FVTPL	(274,053)	(350,676)
Undiscounted amount payable at maturity	547,370	512,914
	273,317	162,238

The change in fair value attributable to change in credit risk is calculated as the difference between total change in fair value of the D and E ordinary share liabilities and the change in fair value of D and E ordinary share liabilities due to change in market risk factors alone. The change in fair value due to market risk factors was calculated using benchmark interest yield curves as at the end of the reporting period holding credit risk margin constant. The fair value of D and E ordinary share liability was calculated using the methodology described on page 68.

Financial risk management objectives

The Group's finance function provides services to the business, co-ordinates access to domestic. and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Group does not currently use derivative financial instruments.

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates (see below).

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

31. Financial instruments (continued)

Foreign currency risk management

The functional currency of the Group is USD. The main trading entity of the Group operates solely within the United States of America. The functional currency of the parent company is USD.

The Directors have considered the requirement to present a foreign currency sensitivity analysis and have not deemed this relevant. The Group's cash is all generated from operations in the United States of America. The parent company, based in the United Kingdom, receives cash advances from the trading subsidiary in the United States of America to fund its operations. As the parent company has a USD functional currency, all transactions are recorded in USD. There are limited monetary assets and liabilities denominated in pounds sterling which require re-translation therefore the foreign exchange impact is minimal.

Interest rate risk management

The Group has minimal exposure to interest rate risk as there is limited amounts of borrowings which attract interest. The B ordinary shares treated as debt entitle the holder to a fixed dividend of 8% per annum. The term loan drawn down does not have a significant interest charge year on year. As a result of this, the Directors have not presented a sensitivity analysis in relation to interest rate risk.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available, and if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Group does not have any material trade receivables and therefore does not have any significant credit risk exposure.

The credit risk on liquid funds, user deposits and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk as no collateral or other credit enhancements are held.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk are set out below.

31. Financial instruments (continued)

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the balance sheet date. The contractual maturity is based on the earliest date on which the Group may be required to pay.

	Weighted average effective interest rate %	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
30 June 2015							
Non-interest bearing	-	-	1,619	-	512,914	-	514,533
Variable interest rate instruments	12.0%	-	-	451	-	-	451
	12.0%	-	1,619	451	512,914	-	514,984
31 December 2015							
Non-interest bearing	-	-	44,696	-	547,370	-	592,066
Variable interest rate instruments	4.75%	-	1,553	-	-	-	1,553
	4.75%	-	46,249	-	547,370	-	593,619

The Group does not have any significant non-derivative financial assets, other than cash, which is available on demand.

Fair value measurements

The information set out below provides information about how the Group determines fair values of various financial assets and financial liabilities.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices): and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31. Financial instruments (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ financial liabilities	Fair value as at 31/12/2015 $'000	Fair value as at 30/06/2015 $'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
D & E ordinary share liability	274,053	350,676	3	Discounted cash flow, backsolve, option pricing method	Expected volatility: 50% Expected term to liquidity: 2.1 – 2.3 years	Expected volatility: the higher expected volatility the higher the fair value of the D share and the lower the fair value of the E share Expected term to liquidity: the longer the expected term to liquidity the higher the fair value of the D share and the lower the fair value of the E share
Warrant liability	401	489	3	Monte Carlo simulation	Expected volatility: for C share 115% - 133% Risk free rate: 2.14% - 2.19%	Risk free rate: the higher the risk free rate the lower the fair value
Contingent consideration	1,595	-	3	Price times quantity of the underlying share (E3 share) Price of underlying based on option pricing method	Expected volatility: 50% Expected term to liquidity: 2.1 years Risk free rate: 1%	Expected volatility: the higher the expected volatility the lower the fair value Expected term to liquidity: the higher the expected term the lower the fairvalue Risk free rate: the higher the risk free rate the lower the fair value

31. Financial instruments (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

If all unobservable inputs to the valuation model of the D and E ordinary share liability were 10 per cent higher, the carrying amount of the D and E share liability decrease by $7,580k (30 June 2015: increase by $3,192k).

If all unobservable inputs to the valuation model of the warrant liability were 10 per cent higher, the carrying amount of contingent consideration would increase by $72k (30 June 2015: increase by $7k)

If all unobservable inputs to the valuation model of contingent consideration were 10 per cent higher, the carrying amount of contingent consideration would decrease by $75k.

Fair value measurements recognised in the statement of financial position

30 June 2015	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial liabilities at FVTPL				
Financial liabilities designated at FVTPL	-	-	351,165	351,165
Total	-	-	351,165	351,165

31 December 2015	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial liabilities at FVTPL				
Financial liabilities designated at FVTPL	-	-	276,049	276,049
Total	-	-	276,049	276,049

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate to their fair values.

Company Registration No. SC333797
(Scotland)

Fanduel Limited

Annual report and financial statements

for the six month period ended

31 December 2015

Fanduel Limited

Company balance sheet
As at 31 December 2015

	Note	31 December 2015 $'000	30 June 2015 $'000	31 December 2013 $'000
Non-current assets				
Investment in subsidiary	34	32,765	3,984	-
Property, plant and equipment	36	2,305	1,308	101
Operating lease security deposits		157	-	-
		35,227	5,292	101
Current assets				
Due from group undertakings		152,762	278,826	6,990
User deposits		-	-	19
Other debtors		1,182	446	27
Cash and bank balances		1,881	10,120	833
		155,825	289,392	7,869
Total assets		191,052	294,684	7,970
Current liabilities				
Trade and other payables		(77)	-	(72)
Accrued and other current liabilities	37	(4,629)	(1,472)	(1,098)
Borrowings	35	-	(1,710)	(2)
Social security and other taxes payable		-	(201)	(187)
User deposit liability		-	-	(19)
Other current liabilities		(480)	(498)	(276)
		(5,186)	(3,881)	(1,654)
Net current assets		150,639	285,511	6,215
Non-current liabilities				
Deferred rent		(89)	-	-
B, D and E ordinary share liability	35	(277,217)	(352,245)	(1,569)
Borrowings	35	-	(451)	-
		(277,306)	(352,696)	(1,569)
Total liabilities		(282,492)	(356,577)	(3,223)
Net assets		(91,440)	(61,893)	4,747

Fanduel Limited

Company balance sheet (continued)
As at 31 December 2015

	Note	31 December 2015 $'000	30 June 2015 $'000	31 December 2013 $'000
Equity				
Called up share capital		2	2	2
Share premium account		40,810	17,924	18,103
Equity reserve		165	165	(229)
Retained earnings		(132,417)	(79,984)	(13,129)
Total equity		(91,440)	(61,893)	4,747

The Company reported a loss for the financial six month period ended 31 December 2015 for $52,812k (18 month period ended 30 June 2015: $67,075k).

The financial statements of Fanduel Limited, registered number SC333797 were approved by the Board of Directors and authorised for issue on 29 September 2017.

Signed on behalf of the Board of Directors

NJ Eccles

Mr N J Eccles
Director

Fanduel Limited

Company statement of changes in equity
For the 6 month period ended 31 December 2015

	Share capital $'000	Share premium account $'000	Other reserves $'000	Retained earnings $'000	Total $'000
Balance at 1 January 2014	2	18,103	(229)	(13,129)	4,747
Loss for the period	-	-	-	(67,075)	(67,075)
Share based payment transactions	-	-	-	220	220
Foreign currency translation differences	-	(373)	394	-	21
Share premium - equity	-	194	-	-	194
Balance at 30 June 2015	2	17,924	165	(79,984)	(61,893)
Loss for the period	-	-	-	(52,812)	(52,812)
Share based payment transactions	-	-	-	379	379
Share premium - equity	-	22,886	-	-	22,886
Balance at 31 December 2015	2	40,810	165	(132,417)	(91,440)

Company notes to the financial statements
For the 6 month period ended 31 December 2015

32. Significant accounting policies

The separate financial statements of the company are presented as required by the Companies Act 2006. The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2015 the company has decided to adopt FRS 101 and has undergone transition from reporting under IFRSs adopted by the European Union to FRS 101 as issued by the Financial Reporting Council. Accordingly, the financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) Reduced Disclosure Framework as issued by the Financial Reporting Council incorporating the Amendments to FRS 101 issued by the FRC in July 2015 and July 2016. This transition is not considered to have had a material effect on the financial statements.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement and certain related party transactions. The Company's shareholders have been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

The Company also intends to take advantage of these exemptions in the financial statements to be issued in the following year. Objections may be served on the Company by shareholder[s] holding in aggregate 5 per cent or more of the total allocated shares in the Company. They should be served no later than 30 November 2017.

Where required, equivalent disclosures are given in the consolidated financial statements.

The financial statements have been prepared on the historical cost basis except for the re measurement of certain financial instruments to fair value. The principal accounting policies adopted are the same as those set out in note 3 to the consolidated financial statements except as noted below.

Investments in subsidiaries and associates are stated at cost less, where appropriate, provisions for impairment.

Profit for the year

As permitted by s408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account or statement of comprehensive income for the year. The profit attributable to the Company is disclosed in note 39.

The auditor's remuneration for audit and other services is disclosed in note 7 to the consolidated financial statements.

Company notes to the financial statements
For the 6 month period ended 31 December 2015

33. Transition to IFRS 101

Reconciliation of equity at December 31, 2013

	Note	31 December 2013 UK GAAP $'000	Reclassifi-cations $'000	Remea-surements $'000	31 December 2013 IFRS $'000
Non-current assets					
Property, plant and equipment		101	-	-	101
		101	-	-	101
Current assets					
Cash and bank balances	A	852	-	-	852
User deposits	A	-	-	-	-
Due from group undertakings		6,990	-	-	6,990
Debtors		27	-	-	27
		7,869	-	-	7,869
Total assets		7,970	-	-	7,970
Current liabilities					
Trade and other payables		(72)	-	-	(72)
Accrued and other current liabilities		(1,098)	-	-	(1,098)
Borrowings		(2)	-	-	(2)
Social Security and other taxes payable		(187)	-	-	(187)
User deposit liability		(19)	-	-	(19)
Other current liabilities	B	(284)	-	8	(276)
		(1,662)	-	8	(1,654)
Net current assets		6,207	-	8	6,215
Non-current liabilities					
B ordinary share liability		(1,569)	-	-	(1,569)
		(1,569)	-	-	(1,569)
Total liabilities		(3,231)	-	8	(3,223)
Net assets		4,739	-	8	4,747
Equity					
Called up share capital		2	-	-	2
Share premium account		18,103	-	-	18,103
Equity reserve		(229)	-	-	(229)
Retained earnings	B	(13,137)	-	8	(13,129)
Total equity		4,739	-	8	4,747

A Under UK GAAP user deposits were included in cash and bank balances. Under IFRS, these amounts should be presented on a separate line. Amounts of $10,703k have therefore been reclassified.

Company notes to the financial statements
For the 6 month period ended 31 December 2015

33. Transition to IFRS 101 (continued)

Reconciliation of equity at December 31, 2013 (continued)

B Under UK GAAP warrants issued over the Company's equity were recorded as a liability at the date of issue. Under IFRS, these amounts are required to be fair valued at each balance sheet date and the company recognized a charge to the Income Statement of $8k for the fair value movement in the period.

Reconciliation of equity at June 30, 2015

	Note	30 June 2015 UK GAAP $'000	Reclassifi-cations $'000	Remea-surements $'000	30 June 2015 IFRS $'000
Non-current assets					
Other tangible assets		-	-	-	-
Property, plant and equipment		1,308	-	-	1,308
Investments in subsidiary		3,984	-	-	3,984
		5,292	-	-	5,292
Current assets					
Cash and bank balances		10,120	-	-	10,120
Due from group undertakings		278,826	-	-	278,826
Debtors		446	-	-	446
		289,392	-	-	289,392
Total assets		294,684	-	-	294,684
Current liabilities					
Accrued and other current liabilities		(1,472)	-	-	(1,472)
Borrowings		(1,710)	-	-	(1,710)
Social security and other taxes payable		(201)	-	-	(201)
Other current liabilities	A	(321)	-	(177)	(498)
		(3,704)	-	(177)	(3,881)
Net current assets		285,688	-	(177)	285,511
Non-current liabilities					
B, D and E ordinary share liability	B	(344,572)	-	(7,673)	(352,245)
Borrowings		(451)	-	-	(451)
		(345,023)	-	(7,673)	(352,696)
Total liabilities		(348,727)	-	(7,850)	(356,577)
Net assets		(54,043)	-	(7,850)	(61,893)
Equity					
Called up share capital		2	-	-	2
Share premium account		17,924	-	-	17,924
Equity reserve		165	-	-	165
Retained earnings	A, B	(72,134)	-	(7,850)	(79,984)
Total equity		(54,043)	-	(7,850)	(61,893)

Company notes to the financial statements
For the 6 month period ended 31 December 2015

33. Transition to IFRS 101 (continued)

Reconciliation of equity at June 30, 2015

A Under UK GAAP warrants issued over the Company's equity were recorded as a liability at the date of issue. Under IFRS, these amounts are required to be fair valued at each balance sheet date and the company recognised a charge to the Income Statement of $185k for the fair value movement in the period.

B Under previous UK GAAP, transaction costs of $15,098k associated with the D and E ordinary shares treated as debt were deducted from the carrying value of debt. A finance charge of $14,590k was recorded to increase the carrying value of the D and E ordinary shares treated as debt to the amount that would be payable at the earliest contractual redemption date. Under IFRS, an accounting policy choice has been made to carry these debt instruments at fair value. As a result, the transactions costs have been fully expensed as a transitional adjustment and the previously recorded finance charge has been reversed and the company recognised a charge to the Income Statement of $7,165k for the fair value movement in the period.

34. Fixed asset investments

	Shares in group undertakings % $'000
Cost	
At 30 June 2015	3,984
Additions – capital contribution in relation to share based payment arrangement (note 21)	2,326
Acquisitions	26,455
Net book value	
At 31 December 2015	32,765

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

During the period the Company acquired 3 entities. Details of these acquisitions are included in note 11.

During the period the Company has issued 35,487 (30 June 2015: 53,232) D ordinary shares in consideration for marketing rights granted to the Company's subsidiary, Fanduel Inc.

During the period the Company has issued 773 E ordinary shares in connection with a consulting agreement with the Company's subsidiary, Fanduel Inc.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies which are all fully consolidated within the financial statements:

Subsidiary undertaking

Company	Country of registration or incorporation	Class	Shares held %
FanDuel Inc.	USA	Common stock	100.00
Kotikan Limited	UK	Ordinary shares	100.00
numberFire, Inc.	USA	Common stock	100.00
Fandom Gaming, Inc.	USA	Common stock	100.00
FanDuel Deposits, LLC	USA	Membership interest	100.00

Company notes to the financial statements
For the 6 month period ended 31 December 2015

34. Fixed asset investments (continued)

The principal activity of this undertaking for the last relevant financial year was as follows:

	Principal activity	Registered office address
FanDuel Inc.	Online fantasy sports games	1209 Orange Street Wilmington DE, 19801
Kotikan Limited	Mobile application development	1 Exchange Crescent, Conference Square, Edinburgh, Scotland, EH3 8UL
FanDuel Deposits LLC.	Collect and hold player deposits	1209 Orange Street Wilmington DE, 19801
numberFire, Inc.	Analysis and statistical reasoning for sports fans	2711 Centerville road Suite 400 Wilmington DE, 19808
Fandom Gaming, Inc.	Online fantasy sports games	2711 Centerville road Suite 400 Wilmington DE, 19808

35. Creditors: amounts falling due after more than one year

	31 December 2015 $'000	30 June 2015 $'000	31 December 2013 $'000
Credit line	-	451	-
B ordinary shares treated as debt	1,569	1,569	1,569
D ordinary shares treated as debt	55,812	80,558	-
E ordinary shares treated as debt	218,241	270,118	-
Contingent earnout at fair value	1,595	-	-
	277,217	352,696	1,569
Analysis of loans			
Wholly repayable within five years	277,217	354,406	1,571
Credit line included in current liabilities	-	(1,710)	(2)
	277,217	352,696	1,569
Loan maturity analysis			
In more than one year but not more than two years	-	451	-
In more than two years but not more than five years	277,217	352,245	1,569

The B Ordinary shares, which carry a right to a fixed, cumulative, non-compounding preference dividend of 8% per annum of the subscription price of the share, have been allocated between debt and equity components.

The D and E ordinary shares entitle the holder of shares to a redemption premium equalling the greater of 150% of the subscription price in respect of the shares held or the fair value of the D and E ordinary shares at the time of redemption. These instruments have been designated at fair value through profit or loss.

During the period, the Company issued 35,487 (30 June 2015: 53,232) D ordinary shares in consideration for marketing rights granted to the company's subsidiary, Fanduel Inc. For full details, refer to note 22.

During the period the Company has issued 773 E ordinary shares in connection with a consulting agreement with the company's subsidiary, Fanduel Inc. For full details, refer to note 21.

Company notes to the financial statements
For the 6 month period ended 31 December 2015

36. Property, plant and equipment

	Computers $'000	Leasehold $'000	Furniture $'000	Total $'000
Costs				
At 1 January 2013	93	-	50	143
Additions	43	-	5	48
Disposals	(6)	-	-	(6)
Exchange differences	2	-	-	2
At 31 December 2013	132	-	55	187
Additions	791	521	298	1,610
Disposals	-	-	(48)	(48)
At 30 June 2015	923	521	305	1,749
Additions	523	657	172	1,352
At 31 December 2015	1,446	1,178	477	3,101
Amortization				
At 1 January 2013	8	-	8	16
Charge for the year	46	-	24	70
At 31 December 2013	54	-	32	86
On disposals	-	-	(51)	(51)
Charge for period ending	211	95	100	406
At 30 June 2015	265	95	81	441
Charge for period ending	205	75	75	355
At 31 December 2015	470	170	156	796
Carrying amount				
At 1 January 2013	85	-	42	127
At 31 December 2013	78	-	23	101
At 30 June 2015	658	426	224	1,308
At 31 December 2015	976	1,008	321	2,305

Company notes to the financial statements
For the 6 month period ended 31 December 2015

37. Accrued and other current liabilities

	31 December 2015 $'000	(Restated) 30 June 2015 $'000
Current		
Accrued expenses	4,501	1,336
Other taxes payable	128	136
	4,629	1,472

38. Other current liabilities

Included in other current liabilities is a liability of $401k (30 June 2015: $489k) associated with warrant instruments. Further details are included in note 31.

39. Loss for the financial period

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The loss for the financial period is made up as follow:

	6 month period ended 31 December 2015 $'000	18 month period ended 30 June 2015 $'000
Holding company's loss for the financial period	(52,812)	(67,075)

40. Financial commitments

At 31 December 2015, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings 31 December 2015 $'000	30 June 2015 $'000
Within one year	662	666
Between two and five years	2,878	2,910
In over 5 years	953	1,213
	4,493	4,789

In June 2015, the Company entered in a lease agreement for office space in Edinburgh Scotland. The lease provided for a rent free period through August 2015 and an escalation clause for rent paid after January 2018 and again after June 2020. The lease can be cancelled by the Company in June 2020 or extended through June 2025.

In September 2014, the Company entered in a lease agreement for office space in Edinburgh Scotland which expires in October 2022.