GAMING REALMS PLC

(the “Company” or the “Group”)

Preliminary Results for the period ended 30 September 2013 and trading update for the quarter ended 31 December 2013

Strong quarter on quarter performance with significant growth in revenue and real money deposits

Successful integration of businesses and product development

Gaming Realms, the creator and developer of interactive next generation online gaming products, today announces its maiden results for the period ended 30 September, 2013. Additionally, the Group provides a trading update for the first quarter (to 31 December 2013) of its 2014 reporting year.

Q1 2014 TRADING UPDATE

- Quarter on quarter revenue up 64% to £1.43m, (Q4/13: £0.87m)
- New depositing players increased 55% to 29,291, (Q4/13: 18,881)
- Daily average depositors increased 156% to 3,504, (Q4/13: 1,370)
- New real money depositors increased 334% to 12,841
- 50% of gambling revenue coming from mobile
- Acquisition of QuickThink Media Limited for £2.2m
- Launched US marketing trials

2013 FINANCIAL HIGHLIGHTS

- Revenue of £0.9m in the four months trading to 30 September 2013
- Marketing spend of £1.75m and set-up costs resulted in a loss before taxation of £3.3m
- Strong balance sheet with cash and cash equivalents of £5.2m as of 30 September 2013

2013 OPERATIONAL HIGHLIGHTS

- Completion of reverse takeover and Admission to AIM
- Integration of Bejig, Bingo Realms and AlchemyBet
- Encouraging initial player take-up with 18,881 new depositing players and 1,370 daily average depositors joining in the four months of trading to year end

Michael Buckley, Chairman, said:

“The Group achieved significant progress in 2013, following the integration of its three principle businesses and subsequent Admission to AIM. Having made substantial investment in technology and product marketing, we are now focused on growing the customer base of our unique gaming offering.

“After the reassuring progress made in the first months as a listed business, the Company has achieved excellent growth in customer numbers, with new and daily depositors up 334% and 155% respectively in the first financial quarter of 2014. Customer numbers have continued to accelerate as we develop and enhance our products. Additionally, it is encouraging to see that 50% of our gambling revenues came from mobile, which, together with tablet, reflects online gaming trends and is a significant focus for the business.”

- Ends -

For more information contact:

Gaming Realms	+44 (0) 84 5123 3773
Patrick Southon, Chief Executive	
Mark Segal, Chief Financial Officer	
Cenkos Securities (Nomad and Broker)	+44 (0) 20 7397 8900

Max Hartley (Nomad), Julian Morse (Sales)

Bell Pottinger +44 (0) 20 7861 3232
Olly Scott
Charles Goodwin

About Gaming Realms

Gaming Realms Limited is an online gaming business formed in 2012 to develop a new generation of social bingo and slot machine gaming concepts.

Gaming Realms was founded by the team behind Cashcade, which created the leading online bingo brand, Foxy Bingo, in addition to other online bingo and casino games. The success of Cashcade culminated in its sale to bwin.party digital entertainment plc for a total consideration of approximately £96 million in 2009.

Chairman's and Chief Executive's statement

Market overview

This has been an exciting first financial period for Gaming Realms. Having completed the reverse acquisition and £3.4 million fundraising, we are ideally placed to capitalise on the significant growth in the online gaming sector as consumers increasingly use mobile access to the internet for gambling.

Gaming Realms currently promotes casino and bingo games, both developed in-house and by third parties such as Bede and DragonFish.

During the period, Gaming Realms concentrated on cementing foundations in the casino and bingo segments of the social gaming market. We are rapidly building products and services to meet the growing requirements of gamers to engage on differing social media devices via various touch points such as app stores, Facebook and mobile advertising platforms.

Activity in 2013

Overall we are pleased with our early performance and growth. Our focus has been the adoption of online casino and bingo to mobile devices. Key for Gaming Realms is increasing the number of new users and lowering their Cost Per Acquisition ("CPA"). Our growth, both organic and via acquisition, has been focused around this strategy.

In August 2013, we acquired Bejig Limited, a developer and operator of online multiplayer social gambling games. Bejig has a social, virtual currency gambling game, called "AvaTingo" and a virtual currency casino game, called "5 Star Slots". Due to the international focus of social gaming products such as 5 Star Slots, Gaming Realms has been able to experiment with a global audience, attracting users on a cost-per-install basis.

We also acquired AlchemyBet Limited, which develops and operates mobile slot and casino themed "real-money" gambling games. The games are built in HTML5 and are available across all devices. This added social gambling as well as real money gambling platforms to Gaming Realms.

Bingo Realms Limited (formerly Gaming Realms Limited) was formed to develop a new bingo concept based on interactive next-generation digital games and its first development, "Bingo Godz", was launched in Beta form in August 2013. Bingo Godz offers users a simple yet immersive bingo game experience, which can be played on the web, tablet and mobile platforms. The game play is designed around a selection of "Godz" who provide players with bonus features (e.g. free marks of a bingo ticket or cash-back on tickets for a game if a player doesn't win). Each Godz offers a different power and bonus.

The combination of these social features is designed to result in higher user times, better conversion and increased life time player value compared with existing online bingo operators. Availability across all devices should also lower the CPA of new players.

In 2013, Gaming Realms won Best Boutique Bingo site for Iceland Bingo in the 2013 Bingoport awards. We were also shortlisted for "Rising Star Award" in the eGaming 2013 Awards Ceremony.

Financial results

Throughout 2013, Gaming Realms has invested in its technology, enabling the Group to compete in the expanding mobile and tablet gaming market; and marketing its brands to increase user activity.

On 1 August 2013, Gaming Realms completed the reverse acquisition of Pursuit Dynamics plc and the acquisitions of Bejig Limited and AlchemyBet Limited.

The main expense incurred during the period was marketing (£1,750,777) in order to drive traffic and liquidity to our brands, and to grow future revenues. This investment impacted our profits for the period, and financial results show revenue of £881,060 and a loss before tax of £3,289,631. As at 30 September 2013, the Group had no debt and held £5,185,323 in cash.

To provide a greater level of detail on the Group's financial results this period, we have explained the reverse acquisition and business combination of the entities in Note 14.

Details of the risks facing the Group and its policies to manage these risks can also be found below, as well as the Group's KPIs of net revenue, EBITDA, cash at year end, new depositing players and active depositing players.

Post period end

Gaming Realms focuses on targeting new customers and methods of customer acquisition within the gambling sector. In December 2013, the Group acquired QuickThink Media Limited ("QTM"), a data marketing company specialising in customer acquisition via channels such as Facebook.

On the same day, the Group raised an additional £2.4 million through a placing of 11,476,190 new ordinary shares at 21 pence per share.

For the first four months of the new financial year, revenue has increased by an average 64% per month, with new depositing players up by 55%. The result is particularly strong given the platform stability issues Bingo Godz encountered following its beta launch. Our partner, Bede Gaming, has been working to resolve these issues and the Group is now preparing to scale the product and begin a Bingo Godz marketing campaign.

Outlook

Given the increased investment in product development and marketing, the Board believe Gaming Realms is well positioned to produce similar growth and player acquisition throughout the remainder of the current financial year. Gaming Realms' objective is simple: engage users on new devices and further reduce CPA. The Group's marketing efforts will therefore focus on testing the engagement of users on a variety of mobile traffic sources, with a focus on reducing CPA.

Our work on targeting users via Facebook is highly relevant as we build on formats for mobile-related devices and we believe we will shortly see gains from this channel. Wagering on platforms such as Castle Jackpot is already 36% mobile-related, without additional mobile-specific traffic and advertisements. The channel marketing team has been expanded and will in 2014 start carrying out tests on a variety of mobile traffic sources.

A spin-off benefit of our work targeting Facebook users, combined with ownership of a significant US social casino database, is the opportunity to engage new and existing US gaming clients on a marketing services basis. Two US marketing trials are now actively generating insight for Gaming Realms and our partners, which we believe could provide a significant opportunity for the Group over the coming years.

We are also in the process of enabling a new customer relationship management system, in order to engage real money users in one-to-one daily notifications and bonuses. This technique and system has been taken directly from the social games studio and has been trialled and tested using Iceland Bingo. The platform will be rolled out to our other real money brands over the coming months.

Initial tests in the UK market using brands such as Pocket Fruity and Castle Jackpot demonstrate low CPA and in 2014 we will be looking to increase revenues significantly from this channel.

Currently our focus is the UK market; we will look at new regions for expansion as legislation allows.

Michael Buckley, Chairman
Patrick Southon, Chief Executive
19 February 2014

Financial key performance indicators

Gaming Realms generated £881,060 in revenue for the period ending 30 September 2013. Revenue generated from marketing services is calculated as a percentage of net gaming revenue from the operators, and represents 25% of total revenue for the period. For the two months since the acquisition, social gaming revenue derived from the purchase of credits and awards on the social gaming sites represents 50% of the total revenue. Real money gaming, in the two months since acquisition, derived from revenue from online gambling operations represents 25% of total revenue. The adjusted EBITDA (a loss of £2,323,343) is calculated before deducting the share-base payment charge associated with the reverse transaction of Bingo Realms Limited into Gaming Realms plc, share-based payment for share options and listing and acquisition costs.

The Group discloses marketing, operating and administrative expenses on the face of the consolidated statement of comprehensive income. As noted above, the Group invested heavily in marketing spending a total of £1,750,777 on Online, TV and affiliate marketing in the period.

The cash balance at 30 September 2013 was £5,185,323.

	2013
Revenue	£881,060
Adjusted EBITDA	(£2,323,343)
EBITDA	(£3,115,503)
Loss before taxation	(£3,289,631)
EPS from continuing operations (pence)	(9.03)
Total assets	£12,562,995
Net assets	£10,740,204
Net current assets	£6,530,099
Cash and cash equivalents at the period end	£5,185,323
Average monthly new depositing players (number)	9,153
Average daily active depositing players (number)	1,012

Consolidated statement of profit or loss and other comprehensive income
For the period 2 July 2012 to 30 September 2013

	Note	2 Jul 12 to 30 Sep 13 £
Revenue		881,060
Marketing expenses		(1,750,777)
Operating expenses		(348,260)
Administrative expenses		(1,105,366)
Adjusted EBITDA		(2,323,343)
Listing and acquisition costs		(436,341)
Share-based payment arising on reverse transaction	14	(319,348)
Share-based payment		(36,471)
EBITDA		(3,115,503)
Amortisation of intangible assets		(169,686)
Depreciation of property, plant and equipment		(3,015)
Finance expense	3	(3,313)
Finance income	3	1,886
Loss before tax		(3,289,631)
Tax expense	4	-
Loss and total comprehensive income for the financial period		(3,289,631)

Earnings per share

	Note	
Loss per share		
Basic and diluted (pence)	5	(9.03)

Consolidated statement of financial position
As at 30 September 2013

	Note	30 Sep 13
		£
Assets		
Non-current assets		
Property, plant and equipment	6	59,640
Goodwill	7	4,810,187
Intangible assets	7	1,105,471
Other assets	8	57,598
		6,032,896
Current assets		
Trade and other receivables	10	1,344,776
Cash and cash equivalents	9	5,185,323
		6,530,099
Total assets		12,562,995
Current liabilities		
Trade and other payables	11	1,778,287
Loans and borrowings	12	24,000
		1,802,287
Non-current liabilities		
Loans and borrowings	12	20,504
		20,504
Total liabilities		1,822,791
Net assets		10,740,204
Equity		
Share capital	13	14,633,369
Share premium reserve		70,437,352
Merger reserve		(71,077,357)
Retained earnings		(3,253,160)
Total equity		10,740,204

Consolidated statement of cash flows
For the period 2 July 2012 to 30 September 2013

	Note	30 Sep 13 £
Cash flows from operating activities		
Loss for the period		(3,289,631)
Adjustments for:		
Depreciation of property, plant and equipment	6	3,015
Amortisation of intangible fixed assets	7	169,686
Finance income	3	(1,886)
Finance expense	3	3,313
Fair value adjustment to equity interest held	14	38,187
Share-based payment arising on reverse transaction	14	319,348
Share-based payment expense		36,471
Increase in trade and other receivables		(658,500)
Decrease in trade and other payables		(408,507)
Increase in other assets		(2,000)
Net cash flows from operating activities		(3,790,504)
Investing activities		
Acquisition of subsidiary, net of cash acquired	14	119,622
Investments	14	(533,842)
Purchases of property, plant and equipment	6	(34,706)
Purchase of intangibles	7	(410,206)
Interest received	3	1,886
Net cash from investing activities		(857,246)
Financing activities		
Acquisition of Gaming Realms plc, net of cash acquired	14	3,838,539
Proceeds of Ordinary Share issue		5,910,010
Issuance cost of shares		(30,016)
Repayment of other loans		(4,000)
Interest paid		(3,313)
Net cash from financing activities		9,711,220
Net increase in cash and cash equivalents		5,063,470
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at end of period	9	5,063,470

Consolidated statement of changes in equity
For the period ended 30 September 2013

	Share capital £	Share premium £	Merger reserve £	Retained earnings £	Total equity £
2 July 2012	-	-	-	-	-
Loss for the period	-	-	-	(3,289,631)	(3,289,631)
Issue of share capital	223,750	2,276,250	-	-	2,500,000
Adjustments in respect of reverse transaction	8,262,661	67,404,195	(72,134,521)	-	3,532,335
Shares issued as part of the consideration in a business combination (Note 14)	3,523,873	-	1,057,162	-	4,581,035
Shares issued as part of the capital raising	2,623,085	786,925	-	-	3,410,010
Cost of issue of Ordinary Share capital	-	(30,016)	-	-	(30,016)
Share-based payment - Share options	-	-	-	36,471	36,471
30 September 2013	**14,633,369**	**70,437,354**	**(71,077,359)**	**(3,253,160)**	**10,740,204**

Notes forming part of the consolidated financial statements
For the period ended 30 September 2013

1. Accounting policies

General Information

Gaming Realms plc ("the Company") and its subsidiaries (together "the Group").

The Company is admitted to trading on AIM of the London Stock Exchange. It is incorporated and domiciled in the UK. The address of its registered office is 44 Southampton Buildings' London WC2A 1AP.

Basis of preparation

The financial information set out in these preliminary results does not constitute the Company's statutory accounts for the period ended 30 September 2013.

Statutory accounts for the year ended 30 September 2012 have been filed with the Registrar of Companies and those for the period ended 30 September 2013 will be delivered to the Registrar in due course; both have been reported on by the Independent Auditors. The independent auditors' reports on the Annual Report and accounts for the year ended 30 September 2012 and 30 September 2013 were unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

The financial information in these preliminary results has been prepared using the recognition and measurement principles of International Accounting Standards, International Financial Reporting Standards and Interpretations adopted for use in the European Union (collectively Adopted IFRSs). The principal accounting policies adopted have been presented below.

The consolidated financial statements are presented in sterling.

Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 September 2013 and the results of all subsidiaries for the period then ended.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

During the period, the Company (formerly known as Pursuit Dynamics plc) acquired 100% of the share capital of Bingo Realms Limited. Gaming Realms plc issued 57,692,309 shares to the original shareholders of Bingo Realms Limited.

The issue of shares resulted in Bingo Realms Limited's original shareholders holding a majority share in the Company.

This transaction did not meet the definition of a business combination in IFRS 3 'Business Combinations'. The transaction has therefore been accounted for in the consolidated financial statements in accordance with IFRS 2 'Share-based payment' and has been accounted for as a continuation of the financial statements of Bingo Realms Limited, together with a deemed issue of shares, equivalent to the shares held by the former shareholders of the Company. Bingo Realms Limited was incorporated on the 2 July 2012, no accounts have been produced since its incorporation therefore the consolidated statement of profit and loss and other comprehensive income included in these financial statements are for the period 2 July 2012 to 30 September 2013.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

Revenue

Revenue comprises net gaming revenue derived from online gambling operations, commissions on marketing services and social gaming.

Net gaming revenue derived from real money gaming
Net gaming revenue derives from online gambling operations and is defined as the difference between the amounts of bets placed by the players less amounts won by players. It is stated after deduction of certain bonuses, jackpots and prizes granted to players.

Net gaming revenue is recognised to the extent that its probable economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is recognised in the accounting periods in which the transactions occur.

Marketing services
Revenue is derived from marketing services provided in relation to online bingo and casino products. The commission revenue is calculated as a percentage of net gaming revenue from the operators.

Commission revenue is recognised to the extent that the probable economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is recognised in the accounting periods in which the transactions occur.

Social gaming revenue

Social gaming revenue derives from the purchase of credits and awards on the social gaming sites. Social gaming revenue is recognised to the extent that it is probable economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is recognised in the accounting periods in which the transactions occur.

Goodwill

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

Impairment of non-financial assets (excluding inventories, investment properties and deferred tax assets)

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ("CGUs"). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

Foreign currency

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in statement of comprehensive income.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

Exchange differences recognised as profit or loss in Group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to other comprehensive income and accumulated in the foreign exchange reserve on consolidation.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of comprehensive income as part of the profit or loss on disposal.

Financial assets

The Group classifies its financial assets depending on the purpose for which the asset was acquired. The Group has not classified any of its financial assets as held to maturity.

The Group's accounting policies for financial assets are as follows:

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Financial liabilities

Financial liabilities held by the Group consist of trade payables and other short-term monetary liabilities.

Financial liabilities are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument and subsequently at amortised cost.

Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Group's Ordinary Shares are classified as equity instruments.

Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where equity instruments are granted to persons other than employees, the consolidated statement of comprehensive income is charged with the fair value of goods and services received.

The fair value of share options issued without market-based vesting conditions is measured by the application of the Black-Scholes option pricing model by reference to the grant date of the options. The fair value of share options issued with market-based vesting conditions is measured by use of the Monte Carlo method.

Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques (see section related to critical estimates and judgements below).

In-process research and development programmes acquired in such combinations are recognised as an asset even if subsequent expenditure is written off because the criteria specified in the policy for development costs below are not met.

The significant intangibles recognised by the Group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

Internally generated intangible assets (development costs)

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the consolidated statement of comprehensive income as incurred.

Intangible asset	**Useful economic life**
Customer databases	1-2 years
Development costs	3 years
Software	3 years

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- The initial recognition of goodwill
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit
- Investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost less estimated residual value, of each asset evenly over its expected useful life as follows:

Office, furniture and equipment	-	20% per annum straight-line
Computer equipment	-	33% per annum straight-line
Leasehold improvements	-	Over the life of the lease

Player liabilities
Liabilities to players comprise the amounts that are credited to customers' accounts including provision for bonuses granted by the Group. These amounts are repayable in accordance with the applicable terms and conditions.

Provisions

Provisions are recognised when the Group has a present or constructive obligation as a result of a past event from which it is probable that it will result in an outflow of economic benefit that can be reasonably estimated

2. Segment information

The Board is the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the Board for the purposes of allocating resources and assessing performance. The Group has three reportable segments, being social gaming, real money gaming and marketing services. Each segment represent different brands, products and services provided. The social gaming segment operate the brands 5 Star Slot, AvaTingo and Sh*tHEAD and provide freemium gaming services to the US and Europe. The real money gaming segment operates the PocketFruity Segment in the UK. The marketing services segment represents the services provided to market the Bingo Godz and CastleJackpot products.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The Board evaluates performance on the basis of segment loss. This measurement basis excludes head office costs not derived from operations of any segment and are only disclosed in total.

Reportable segment information

The Group has reportable segments as follows:

- Real money gaming
- Social gaming
- Marketing services

	For the period ended 30 September 2013			
	Social gaming	Real money gaming	Marketing services	Total
	£	£	£	£
Revenue	442,837	217,196	221,027	881,060
Marketing expenses	(520,177)	(123,021)	(1,107,579)	(1,750,777)
Operating expenses	(239,070)	(109,190)	-	(348,260)
Administration expenses – operating segments	(235,521)	(159,444)	(444,969)	(839,934)
Reportable segment loss	(551,931)	(174,459)	(1,331,521)	(2,057,911)

Reconciliation of reportable segments to Group totals:

2013

	£
Total revenue from reportable segments, being total Group revenue	881,060

Total loss from reportable segments	(2,057,911)
Administration expenses – head office	(265,432)
Listing costs	(436,341)
Amortisation of intangible assets	(169,686)
Depreciation of property, plant and equipment	(3,015)
Finance expense	(3,313)
Finance income	1,886
Share-based payments arising from reverse transaction	(319,348)
Share-based payments	(36,471)
Loss before tax	(3,289,631)

	As at 30 September 2013			
	Social gaming	Real money gaming	Marketing services	Total
	£	£	£	£
Additions to non-current assets	794,880	120,169	307,662	1,222,711
Reportable segment assets	1,330,848	298,902	2,639,000	4,268,750
Head office assets				8,294,245
Total Group assets				12,562,995

	As at 30 September 2013			
	Social gaming	Real money gaming	Marketing services	Total
	£	£	£	£
Reportable segment liabilities	(702,107)	(427,128)	(323,144)	(1,452,379)
Head office liabilities				(370,412)
Total Group liabilities				(1,822,791)

The Board is the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the Board for the purposes of allocating resources and assessing performance.

Geographical information

The Group considers that its primary geographic regions are UK, including Channel Islands, USA and the Rest of World. No revenue is derived from real money gaming in the USA. Revenues from customers outside the UK (including Channel Islands) and USA are not considered sufficiently significant to warrant separate reporting. All non-current assets are based in the UK.

The Group's performance can be reviewed by considering the geographical locations within which all assets in the Group operates. This information is outlined below:

	External revenue by location of customers 2013 £	Non-current assets by location of assets 2013 £
UK, including Channel Islands	455,650	6,032,896
USA	323,128	-
Rest of the World	102,282	-
	881,060	6,032,896

3. Finance income and expense

Finance income	**2013 £**
Interest received	1,886
Total finance income	1,886
Finance expense	
Bank interest expense paid	3,313
Total finance expense	3,313

4. Tax expense

	2013 £
(i) Tax expense	
Current tax expense	
Current tax on profits for the period	-
Total current tax	-
Deferred tax expense	
Origination and reversal of temporary differences	-
Total deferred tax	-

	-

The reasons for the difference between the actual tax charge for the period and the standard rate of corporation tax in the UK applied to loss for the period are as follows:

	2013 **£**
Loss for the period	(3,289,631)
Expected tax at effective rate of corporation tax in the UK of 23.5%	(773,063)
Expenses not deductible for tax purposes	90,664
Depreciation in excess of capital allowances	709
Tax losses carried forward	681,690
Total tax expense	-

Changes in tax rates and factors affecting the future tax charge

On 3 July 2012, the Finance Bill received its third reading in the House of Commons and so the previously announced reduced rate of corporation tax of 23% from 1 April 2013 was substantively enacted. Accordingly, deferred tax balances as at 30 September 2013 have been recognised at 23%.

The Chancellor has further stated his intention to reduce the main rate of corporation tax to 21% from 1 April 2014 and to 20% from 1 April 2015. These changes have not been substantively enacted at the balance sheet date. This will have the effect of reducing the Group's future current tax charge accordingly.

As described in Note 14 no deferred tax liabilities have been recognised in respect of intangible assets arising on the acquisitions made in the period as any deferred tax liabilities are offset by recognising an equal and opposite deferred tax asset from the tax losses carried forward.

There are unused tax losses carried forward as at the balance sheet date of £6,706,588 equating to an unrecognised deferred tax asset of £1,542,515. No deferred tax asset has been recognised in respect of these losses, as the recoverability of any asset is dependent upon sufficient profits being achieved in future years to utilise this asset. The timings of such profits are uncertain.

5. Loss per share

Basic loss per share is calculated by dividing the loss attributable to Ordinary Shareholders by the weighted average number of shares in issue during the year. For fully diluted loss per share, the weighted average number of Ordinary Shares in issue is adjusted to assume conversion of dilutive potential Ordinary Shares. The Group's potentially dilutive securities consist of share options and performance shares. As the Group is loss-making, none of the potentially dilutive securities are currently dilutive.

	2013 **£**
Loss after tax	(3,289,631)
	Number
Weighted average number of Ordinary Shares used in calculating basic loss per share	36,434,501

Weighted average number of Ordinary Shares used in calculating dilutive loss per share	36,434,501

The weighted average number of ordinary shares in issue was calculated using an exchange ratio applied in the reverse takeover as described in Note 14.

Basic and diluted loss per share (pence)	(9.03)

6. Property, plant and equipment

	Leasehold improvements	Computers and related equipment	Office furniture and equipment	Total
	£	£	£	£
Cost				
Acquired through business combination	13,046	11,257	3,646	27,949
Additions	24,853	6,136	3,717	34,706
At 30 September 2013	37,899	17,393	7,363	62,655
Accumulated deprecation				
Depreciation charge	746	1,865	404	3,015
At 30 September 2013	746	1,865	404	3,015
Net book value				
At 30 September 2013	**37,153**	**15,528**	**6,959**	**59,640**

7. Intangible assets

	Goodwill	Customer database	Software	Developmen t costs	Total
	£	£	£	£	£
Cost					
Acquired through business combination	4,810,187	387,512	-	477,439	5,675,138
Additions	-	-	361,684	48,522	410,206
At 30 September 2013	**4,810,187**	**387,512**	**361,684**	**525,961**	**6,085,344**
Accumulated deprecation					
Amortisation charge	-	53,662	71,900	44,124	169,686
At 30 September 2013	-	53,662	71,900	44,124	169,686

Net book value					
At 30 September 2013	**4,810,187**	**333,850**	**289,784**	**481,837**	**5,915,658**

Goodwill

£3,466,069 of the goodwill arose from the acquisition of Bejig Limited (social gaming) and £1,344,118 from the acquisition of AlchemyBet Limited (real money gaming) (see Note 14).

The recoverable amount of both the real money and social gaming cash generating unit ("CGU") to which the goodwill is allocated has been determined using a value in use calculation. The calculation of value in use is based on several assumptions which feed into a forecast model based on past player lifetime values.

The key assumptions of the forecasts were as follows:
- number of new player depositing registrations;
- rate of retention of existing players;
- spending patterns of players;
- cost per acquisition or installs ("CPA") from different acquisition sources;
- the growth rate applied to cash flows arising after the end of approved budgets; and
- the discount rate applied to cash flows.

The above assumptions are based on the trends noted to date, industry standard measurements and management's experience. The Directors do not believe any reasonably possible change in the key assumptions would lead to an impairment of the carrying amount of the CGUs.

8. Other assets

	2013
	£
Other assets	57,598

Other asset represents the rental deposit on an operating lease.

9. Cash and cash equivalents

	2013
	£
Cash and cash equivalents	5,063,470
Restricted cash	121,853
	5,185,323

Restricted cash of £121,853 relates to funds held in Swiss subsidiaries which are currently undergoing liquidation. The funds are restricted and are not included in the consolidated statement of cash flows.

10. Trade and other receivables

	2013
	£
Trade and other receivables	612,307
Prepayments and accrued income	732,469

	1,344,776

All amounts shown fall due for payment within one year

11. Trade and other payables

	2013 **£**
Trade and other payables	574,582
Accruals	1,105,658
Player liabilities	98,047
	1,778,287

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

12. Loans and borrowings

	2013 **£**
Current liabilities	
Loans and borrowings	24,000
Non-current liabilities	
Loans and borrowings	20,504

13. Share capital

Ordinary Shares

	2013 **Number**	**2013** **£**
Ordinary Shares of 10 pence each	**146,333,690**	**14,633,369**

Movements in share capital

	Number	**£**
Bingo Realms Limited Ordinary Shares issued for cash consideration	2,237,500	223,750
Adjustments in respect of the reverse transaction	82,626,609	8,262,661
Ordinary Shares issued in the acquisition of Bejig Limited and AlchemyBet Limited	35,238,730	3,523,873
Ordinary Shares issued for cash consideration	26,230,850	2,623,085
At 30 September 2013	**146,333,690**	**14,633,369**

The above analysis of the movements in share capital reflects the initial share capital of Bingo Realms Limited subsequently adjusted for the reverse transaction and the subsequent share issues.

Ordinary B Shares and Deferred Shares

Ordinary B Shares have a nominal value of 0.01 pence each ("B Shares") and Deferred Shares have a nominal value of 0.01 pence each ("Deferred Shares"). The B Shares and the Deferred Shares shall not entitle the holders of them to receive notice of, to attend, to speak or to vote at any general meeting (including Annual General Meetings) of the Company. At 30 September 2013 there were no B Shares or Deferred Shares in issue.

14. Business combinations during the period

Acquisition of Gaming Realms plc and its controlled entities

During the period Bingo Realms Limited's original shareholders obtained a majority share interest in Gaming Realms plc (formerly known as Pursuit Dynamics plc) as a result of the acquisition transaction.

The transaction did not meet the definition of a business combination in IFRS 3 'Business Combinations'. The transaction has therefore been accounted for in the consolidated financial statements in accordance with IFRS 2 'Share-based Payment' and has been accounted for as a continuation of the financial statements of Bingo Realms Limited, together with a deemed issue of shares, equivalent to the shares held by the former shareholders of the Company. The deemed issue of shares is, in effect, a share-based payment transaction whereby Bingo Realms Limited is deemed to have received the net assets of the Company, together with the listing status of Gaming Realms plc. The overall accounting effect is similar to that of a reverse acquisition in IFRS 3 with the exception that no goodwill is recognised.

Because the consolidated financial statements represent a continuation of the financial statements of Bingo Realms Limited, the principles and guidance on the preparation and presentation of the consolidated financial statements in a reverse acquisition set out in IFRS 3 have been applied:

- the cost of the acquisition, and amount recognised as issued capital to effect the transaction, is based on the notional amount of shares that Bingo Realms Limited would have needed to issue to acquire the same shareholding percentage in the Company at the acquisition date;
- retained earnings and other equity balances in the consolidated financial statements at acquisition date are those of Bingo Realms Limited;
- a shared based payment transaction arises whereby Bingo Realms Limited is deemed to have issued shares in exchange for the net assets of the Company (together with the listing status of the Company). The listing status does not qualify for recognition as an intangible asset and has therefore been expensed;
- the equity structure in the consolidated financial statements (the number and type of equity instruments issued) at the date of the acquisition reflects the equity structure of the Company, including the equity instruments issued by the Company to effect the acquisition; and
- the results for the period ended 30 September 2013 comprise the consolidated results for the period of Bingo Realms Limited together since incorporation with the results of the Company from 1 August 2013.

	2013 **£**
Share-based payment expense	
Assets and liabilities acquired:	
Cash and cash equivalent	3,960,392
Trade and others receivables	165,879
Other assets	8,383
Trade and others liabilities	(921,667)
	3,212,987

The table above represent the assets and liabilities of the Company (formerly Pursuit Dynamics plc) that were acquired on its acquisition by Bingo Realms Limited.

The fair value of shares that Bingo Realms Limited issued to effect the transaction amounted to £3,532,335. The difference between the fair value of £3,532,335 and the net assets acquired of £3,212,987, being £319,348 has been expensed as a share-based payment cost in profit or loss.

Of the £3,960,392 cash acquired in the reverse acquisition, £121,853 does not meet the definition of cash and cash equivalent under IAS 7 “Statement of Cash Flows” and is therefore not included in the consolidated statement of cash flows. The restricted cash relates to funds held in Swiss subsidiaries which are currently undergoing liquidation.

Acquisition of Bejig Limited

On 1 August 2013 the Group acquired 90.66% of the voting equity of BeJig Limited, taking the total ownership of the Group to 100%. The initial 9.34% was acquired previously for cash consideration of £400,000.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Book value £	Adjustment £	Fair value £
Intangible assets	477,439	-	477,439
Property, plant and equipment	27,949	-	27,949
Non-contractual customer lists and relationships	-	256,419	256,419
Trade and other receivables	399,388	-	399,388
Other assets	55,598	-	55,598
Cash	87,714	-	87,714
Trade and other payables	(896,775)	-	(896,775)
Total net assets	151,313	256,419	407,732

A deferred tax liability of £58,976 arising as a result of the recognition of additional intangible assets was offset by the recognition of an equivalent deferred tax asset in respect of tax losses in Bejig Limited.

Fair value of consideration paid

	£
Purchase consideration – Gaming Realms plc Ordinary Shares	3,511,988
Cash consideration - previously held equity interest	400,000
Fair value adjustment of previously held equity interest	(38,187)
Total consideration	3,873,801
Goodwill (Note 7)	3,466,069

Goodwill recognised in the acquisition of BeJig Limited relates to the presence of certain intangible assets such as an experienced workforce, which do not qualify for separate recognition.

Acquisition of AlchemyBet Limited

On 1 August 2013 the Group acquired 88.85% of the voting equity of AlchemyBet Limited, taking the total ownership of the Group to 100%. The initial 11.15% was acquired previously for cash consideration of £133,842.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Book value £	Adjustment £	Fair value £
Non-contractual customer lists and relationships	**-**	**131,092**	**131,092**
Trade and other receivables	**112,626**	**-**	**112,626**
Cash	**31,908**	**-**	**31,908**
Trade and other payables	**(416,855)**	**-**	**(416,855)**
Total net assets	**(272,321)**	**131,092**	**(141,229)**

A deferred tax liability of £30,151 arising as a result of the recognition of additional intangible assets was offset by the recognition of an equivalent deferred tax asset in respect of tax losses in AlchemyBet Limited.

Fair value of consideration paid

	£
Purchase consideration – Gaming Realms plc Ordinary Shares	**1,069,047**
Cash consideration - previously held equity interest	**133,842**
Total consideration	**1,202,889**
Goodwill (Note 7)	**1,344,118**

Goodwill recognised in the acquisition of AlchemyBet Limited relates to the presence of certain intangible assets such as the UK gambling license and an experienced workforce, which do not qualify for separate recognition.

15. Events after the reporting date

On 10 December 2013, the Group acquired QuickThink Media Limited ("QTM") for an estimated total consideration of £2,220,850, comprising of £1,470,850 cash and a deferred payment of 3,571,428 Ordinary Shares being the equivalent of approximately £750,000 at a price of 21 pence per share to be allotted and admitted to trading 12 months from completion. QTM is a specialist online gaming marketing agency which will enhance the Group's activities by cost-effectively capturing new users across emerging digital channels such as Facebook. With the proximity of the date of the acquisition to the date of the authorisation of these financial statements, a detailed assessment of the fair value of the consideration and identifiable net assets has not yet been completed.

The Company also raised a further £2,400,000 through the placing of 11,476,190 New Ordinary Shares at 21 pence per share.

On the 8 October 2013, Pursuit Processing Equipment Limited was officially dissolved.