28 March 2018
Dissemination of a Regulatory Announcement that contains inside information according to REGULATION (EU) No 596/2014 (MAR)

Gfinity plc
("Gfinity" or the "Company")

Unaudited Half Year results for the period ended 31 December 2017

Gfinity plc (AIM: GFIN), a leading esports business, announces its half year results for the six-month period ended 31 December 2017.

Period Highlights:
During the six-month period to 31 December 2017 Gfinity made significant strategic progress and gained strong momentum against its objective of creating a world leading esports business. Key highlights during the period included:

- ***Launch of the Gfinity Elite Series***: This pioneering new format for esports creates over 80 hours of premium esports content every season, attracting some of the best esports players and teams in the world and providing a pathway for aspiring gamers through to the professional ranks.
- ***First overseas licensing of the Gfinity Elite Series***: License of the technology, format and brand of the Elite Series to Australia in conjunction with HT&E Ltd, a major Australian media group.
- ***Creation of inaugural Formula One esports Series:*** Design and delivery of pioneering esports programme for Formula One, addressing the challenge faced by many sporting organisations of communicating with the next generation of fans.
- ***Extension of partnerships with publishers:*** Gfinity is continuing to be a partner of choice for major game publishers, including Microsoft and Activision Blizzard, delivering programmes across multiple game titles.
- ***Acquisition of CEVO, Inc:*** Purchase of a leading US based provider of technology and services to esports industry, providing a foothold in the valuable US esports market and an industry leading development team to lead the build of Gfinity's new digital platform.
- ***Appointment of new non-executive directors***: Strengthening of the board, through the appointment in November 2017 of three senior non-executive directors: Garry Cook, Preeti Mardia and Andy MacLeod. Each brings highly relevant experience from both the sport and technology sectors.

The momentum created through the period has placed the Company in a very strong position to capitalise on the enormous growth opportunity that esports presents in 2018 and beyond. This has been further evidenced by a number of major announcements following the period end, including:

- ***Sale of global streaming rights for Gfinity Elite Series:*** Facebook announced as exclusive streaming partner for Gfinity Elite Series for 2018, providing a strong platform for growth and making a significant revenue contribution.
- ***Six high profile teams joining Gfinity Elite Series Season 3***: The leading position that the Gfinity Elite Series has attained within esports has resulted in significant competition for places among teams eager to acquire franchise spots. Teams joining for Season 3 include major esports organisations such as Fnatic and Vitality and major media networks such as Unilad and Hashtag United. Collectively the teams bring with them more than 45 million social media followers, significantly extending the overall reach of the league.

- ***Global Partner to Microsoft for Forza Racing Championship:*** Continuing a strong relationship with Microsoft, Gfinity has been appointed as the official esports provider globally for the Forza Racing Championship 2018.
- ***Acquisition of RealSM Ltd:*** Owners of the fan-oriented digital sports media platform, RealSport (realsport101.com), for total consideration of £2.3 million in new shares in Gfinity plc. With over half a million monthly unique visitors the platform will significantly enhance Gfinity's own content offering and the development of a digital community engaging with esports through Gfinity owned platforms.

Financial Highlights:

- Revenue increased 103% on the same period in the prior year to £1.8m (H1 2017: £0.9m)
- Loss before tax increased to £7.7m (H1 2017: loss of £1.7m), an increase of £4.2m sequentially on the previous six months, reflecting planned investment in the first two seasons of the Gfinity Elite Series, the expansion into Australia and in additional people and technology to capitalise on the enormous opportunity that the Company has created.
- Loss per share increased 280% to 4p (H1 2017: 1p) reflecting investment in the cost base.
- £7m (before expenses) raised in October 2017 for the Company through an oversubscribed placing with both new and existing shareholders.
- Cash and cash equivalents, as at 31 December 2017, of £3.9m (30 June 2017: £4.5m and 31 December 2016: £2.7m).

Neville Upton, Chief Executive Officer, Gfinity plc, said:

"During the six months to 31 December 2017, we made major progress in achieving our strategy to create a world leading esports business, creating Gfinity branded events and content such as the Gfinity Elite Series, delivering end to end esports solutions for our partners and building a digital community of esports fans. I am delighted to be able to announce revenue growth for the period of 103%, as Gfinity continues to build commercial traction for its products.

In a short space of time, we have established the Gfinity Elite Series as a leading esports property, creating more than 80 hours of high quality live content every season, with major teams now competing to acquire places in the league. On 12 March, we were also delighted to announce a landmark partnership with Facebook to be our global streaming partner for the Gfinity Elite Series in 2018.

Our unique blend of high calibre staff, proprietary esports technology and broadcast capability has ensured that we continue to be the chosen partner for a number of high profile organisations, including game publishers, sports rights holders and other businesses, all seeking to reach the large global audience of esports fans.

We continue to invest in the quality of our people and technology, which has resulted in an increase in our cost base, which is in line with delivering our growth strategy. This has allowed us to build a leading position in the esports market and positions us well to take advantage of the commercial opportunities that the considerable expected growth in the esports market will present."

Copies of this interim results announcement will be available on the Company's website later today.

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About Gfinity:

Founded in 2012, Gfinity has established itself as one of the world's leading esports companies. The London based business enjoys strong relationships with game publishers, players and the wider esports community and has built an excellent reputation for delivering high quality competitions, both on-line at www.gfinityesports.com and off-line, in addition to producing industry leading esports broadcasts.

Gfinity operates its own events, including the highly successful Gfinity Elite Series format launched in 2017. It also operates events on behalf of third party organisations including major sports rights holders such as Formula One and leading games publishers such as Microsoft, EA Sports and Activision Blizzard.

The Gfinity Esports Arena at Fulham Broadway, London, is the home of UK esports showcasing regular tournaments across the full range of competitive games.

Gfinity websites:
Investor: www.gfinityplc.com
Commercial: www.gfinity.net

Chairman's Review

Overview

The half year to December 2017 was a period in which Gfinity continued to deliver on its strategic objective to build a leading brand within the fast-growing esports sector. The period saw further strong revenue growth, up 103% on the equivalent period in the prior year, but more importantly delivering against a number of important strategic milestones for the Company.

During the period, we invested heavily in our people and technology, as well as in establishing the Gfinity Elite Series as a leading competition within the sector. This investment has already started to deliver significant results and has left us well positioned to take advantage of the significant esports opportunity in 2018 and beyond. With that in mind, I am delighted that later today, we expect to be able to announce a further placing in Gfinity shares, as we continue to invest to build major long-term value for our shareholders.

Esports Market

Esports is one of the fastest growing entertainment sectors and the market continues to expand rapidly. The recently published Newzoo Global Esports Market Report anticipates that the total number of global fans will reach more than half a billion people by 2021.

This forms part of a wider community of 2.2 billion people globally who play video games, part of a fundamental change in the way that younger people spend their leisure time, with video gaming as a focal point, whether they are playing, watching or socialising.

Newzoo estimates esports sector revenue of $906m in 2018, which represents growth of 38% year on year. This has partly been driven by a significant increase in investment in the sector by sponsors, game publishers and investors. It is also being fuelled by a competition for content across broadcasters, with major platforms including Facebook, Twitch (owned by Amazon), YouTube (Google), Mixer (Microsoft) and Bamtech (Disney) all competing for content, together with traditional television channels around the world. This places esports content owners, of which Gfinity is one of the leaders, in a very strong position.

Gfinity Elite Series

Launched in July 2017, the Gfinity Elite Series has quickly established itself as a leading tournament within esports. The Elite Series provided for the first time in the UK, regular, high quality esports programming, together with a pathway from the amateur to the professional ranks.

The period to December 2017 saw the first two seasons for the Gfinity Elite Series, representing a significant investment in the establishment of the format. The success of this investment has already been demonstrated in a number of ways, including:

- Cumulative viewership of more than 15 million across the two seasons, including a more than 100% increase from season one to season two;
- A significant content rights deal with Facebook as the exclusive streaming partner for 2018;
- Competition for places within the league from leading esports and media organisations;
- The first deal to license the format, brand and underlying technology internationally, to Australia in conjunction with HT&E; and
- Demonstrating Gfinity's high production values, providing a showcase for other potential partners.

In 2018, Gfinity will stage seasons 3 and 4 of the Gfinity Elite Series in UK. We shall also launch the first season of the Gfinity Elite Series in Australia and we plan to be in two further markets by the end of 2018.

Partner Events

Gfinity is already a leading provider of end to end esports solutions for game publishers, major sports organisations and corporate entities, all looking to engage with the growing audience of esports fans, who can be difficult to reach via conventional channels.

Gfinity continues to be a partner of choice for many of the world's leading game publishers, including Microsoft, Activision Blizzard and EA Sports. In the period to December 2017, we were also delighted to create and deliver the inaugural Formula One Esports Series. The programme drove great participation numbers, with more than 60,000 entrants participating online, from which the best 40 were chosen to attend a live semi-final at the Gfinity Esports Arena in Fulham, with the top 20 from that event going on to compete at the final in Abu Dhabi, live from a garage in the pitlane during the final Formula One race weekend of the season. The live events were watched by more than 1 million people online and broadcast by multiple linear broadcasters around the world.

The Formula One programme was a great success in itself but has provided a fantastic template for other sporting organisations as to how they can use esports to communicate with their next generation of fans, who aren't currently going to their live events or watching traditional sports broadcasters.

Financial Review

Revenue for the six months to 31 December increased to £1.8m (H1 2017: £0.9m), up 103% on the equivalent period in 2016, driven by a mixture of partner programme revenues, sponsorship and broadcast revenues in respect of Gfinity Elite Series and ticket sales for live events.

Costs of sale of £5.0m included £4.1m of costs in respect of the first two seasons of Gfinity Elite Series in the UK. Following this initial launch phase, this will revert to one season per six-month period.

Administrative expenses of £4.4m include £0.3m in respect of CEVO, Inc, a self-funding US subsidiary; £0.4m of non-cash items including depreciation and share option charge; and £0.4m of non-capitalised development expenditure and application development, implying an underlying overhead cost run rate of £3.3m for the 6 month period.

The resulting loss before tax of £7.7 million, which was in line with our expectations for the period, represented an increase of £6.0 million (H1 2017 (£1.7)m) and an increase of £4.1 million on the previous six-month period).

In October 2017, the Company raised £7.0 million before placing fees and we expect to shortly be able to announce a further placing of shares to raise £6.7m to fund continued growth through 2018.

Tony Collyer

Chairman

27 March 2018

Statement of Comprehensive Income

	6 months to 31 December 2017 Unaudited	6 months to 31 December 2016 Unaudited	Year to 30 June 2017 Audited
	£	£	£
CONTINUING OPERATIONS			
Revenue	1,829,298	902,212	2,372,452
Cost of sales	(5,043,089)	(993,174)	(2,775,724)
Gross profit/(loss)	(3,213,791)	(90,962)	(403,272)
Administrative expenses	(4,361,228)	(1,623,952)	(4,932,771)
Operating loss	(7,575,019)	(1,714,914)	(5,336,043)
Share of Associate Profit / (Loss)	(147,296)	-	-
Finance income	67	4,038	4,564
Loss on ordinary activities before tax	(7,722,248)	(1,710,876)	(5,331,479)
Taxation	-	-	103,315
Retained loss for the year	(7,722,248)	(1,710,876)	(5,228,164)
Loss and total comprehensive income for the period	**(7,722,248)**	**(1,710,876)**	**(5,228,164)**
Loss per share (basic and diluted)	**-£0.04**	**-£0.01**	**-£0.03**

Statement of Financial Position

	As at 31 December 2017 Unaudited	As at 30 June 2017 Audited
	£	**£**
NON-CURRENT ASSETS		
Property, plant and equipment	880,324	875,892
Intangible fixed assets	2,156,076	73,391
Investments	206,067	50,000
CURRENT ASSETS		
Inventories	1,308	-
Trade and other receivables	1,290,583	1,660,477
Cash and cash equivalents	3,895,221	4,519,024
	5,187,112	6,179,501
TOTAL ASSETS	**8,429,579**	**7,178,784**
EQUITY AND LIABILITIES		
Equity		
Ordinary shares	218,203	188,664
Share premium account	22,773,622	15,254,085
Other reserves	583,398	154,217
Retained earnings	(17,886,084)	(10,163,836)
Total equity	**5,689,139**	**5,433,130**
Non-current liabilities		
Borrowings	-	-
Current liabilities		
Trade and other payables	2,740,440	1,745,654
Total liabilities	2,740,440	1,745,654
TOTAL EQUITY AND LIABILITIES	**8,429,579**	**7,178,784**

Cash Flow Statement

	6 months to 31 December 2017 Unaudited £	6 months to 31 December 2016 Unaudited £	Year to 30 June 2017 Audited £
Cash flow used in operating activities			
Net cash used in operating activities	(6,360,823)	(1,723,043)	(5,435,353)
Cash flow from/(used in) investing activities			
Interest received	67	4,038	4,564
Additions to property, plant and equipment	(240,213)	(34,943)	(599,692)
Investment in Associate	(57,505)	-	-
Investment in Subsidiary	(716,438)	-	-
Net cash used in investing activities	(1,014,089)	(30,905)	(595,128)
Cash flow from/(used in) financing activities			
Issue of equity share capital	7,000,000	3,636,757	9,949,980
Share Issue Costs	(209,873)	-	(230,878)
Loan	(34,630)	-	-
Net cash from financing activities	6,755,497	3,636,757	9,719,102
Net increase/(decrease) in cash and cash equivalents	(619,415)	1,882,809	3,688,621
Effect of Currency Translation on cash	(4,388)	-	-
Opening cash and cash equivalents	4,519,024	830,403	830,403
Closing cash and cash equivalents	3,895,221	2,713,212	4,519,024

Statement of Changes in Equity

	Ordinary shares	Share premium	Other Reserves	Retained earnings	Total equity
	£	£	£	£	£
At 30 June 2016	**83,414**	**5,640,233**	**55,458**	**(4,935,672)**	**843,433**
Loss for the period	-	-	-	(1,710,876)	(1,710,876)
Total comprehensive income	-	-	-	(1,710,876)	(1,710,876)
New shares issued	74,000	3,626,000	-	-	3,700,000
Share issue cost	-	(63,243)	-	-	(63,243)
Share options expensed	-	-	29,477	-	29,477
Total transactions with owners, recognised directly in equity	74,000	3,562,757	29,477	-	3,666,234
At 31 December 2016	**157,414**	**9,202,990**	**84,935**	**(6,646,548)**	**2,798,791**
Loss for the period	-	-	-	(3,517,288)	(3,517,288)
Total comprehensive income	-	-	-	(3,517,288)	(3,517,288)
Proceeds of Shares Issued	31,250	6,218,730	-	-	6,249,980
Share Issue Costs	-	(167,635)	-	-	(167,635)
Share options expensed	-	-	69,282	-	69,282
Total transactions with owners, recognised directly in equity	-	-	69,282	-	69,282
At 30 June 2017	**188,664**	**15,254,085**	**154,217**	**(10,163,836)**	**5,433,130**
Loss for the period	-	-	(4,388)	(7,722,248)	(7,726,636)
Total Comprehensive Income	-	-	(4,388)	(7,722,248)	(7,726,636)
New Shares Issued	29,540	7,729,410	-	-	7,758,950
Share Issue Costs	-	(209,873)	-	-	(209,873)
Share Options Expensed	-	-	108,305	-	108,305
New shares issued	-	-	325,264	-	325,264
Total transactions with owners, recognised directly in equity	29,540	7,519,537	433,569	-	7,982,646
At 31 December 2017	**218,204**	**22,773,622**	**583,398**	**(17,886,084)**	**5,689,140**

Notes to the interim financial statements

1. General Information

Gfinity plc is a company limited by shares, incorporated and domiciled in the United Kingdom under the Companies Act 2006. Its registered office is 35 New Bridge Street, London, EC4V 6BW. Its shares are quoted on the AIM market of London Stock Exchange.

These condensed interim financial statements were approved for issue on 27 March 2018.

The financial statements have been reviewed by the Company's auditors but not audited.

2. Accounting Policies and Basis of Preparation

Basis of Preparation

The interim financial statements for the six months ended 31 December 2017 have been prepared using accounting policies that are consistent with those of the audited financial statements for the period ended 30 June 2017 and in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. The interim financial information should be read in conjunction with the Group's Annual Report and Accounts for the year ended 30 June 2017, which has been prepared in accordance with IFRS as adopted by the European Union.

The interim financial information contained in this report has been reviewed but not audited and does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

The Annual Report and Accounts for the year ended 30 June 2017 has been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under s498(2) or s498(3) of the Companies Act 2006.

Significant Accounting Policies

The critical accounting policies and presentation followed in the preparation of this interim report have been consistently applied to all periods in these financial statements and are the same as those applied in the company's annual accounts for the year ended 30 June 2017 with the exception of new policies put in place during the year to account for the investments in both subsidiaries and associates made during the period. These new areas are considered below.

Interests in joint ventures and associates

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participating in the financial and operating policy decisions of the entity. Joint ventures are joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The results, assets and liabilities of joint ventures and associates are incorporated in these financial statements using the equity method of accounting. Investments in joint ventures and associates are carried in the Group balance sheet at cost, including direct acquisition costs, as adjusted by post-acquisition changes in the Group's share of the net assets less any impairment losses.

Business combinations and goodwill

All business combinations are accounted for by applying the acquisition method. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred. Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identified assets and liabilities of a subsidiary at the date of acquisition. Goodwill is recognised as an asset at cost less accumulated impairment losses. Any contingent consideration payable is recognised at fair value at the acquisition date, and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Impairment of assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash generating units or "CGUs"). The goodwill acquired in a business combination is allocated to CGUs so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. 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. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any allocated goodwill and then to reduce the carrying amounts of the other assets on a pro rata basis. An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

A copy of the accounts to 30 June 2017 can be obtained from the company's website: www.gfinityplc.com.

Critical Accounting Judgements

The preparation of financial statements in conforming with adopted IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and assumptions are based on historical experience and other factors considered reasonable at the time, but actual results may differ from those estimates. Revisions to these estimates are made in the period in which they are recognised. The critical accounting judgements made in preparing this interim report are the same as those in preparing the annual accounts for the Company for the year ended 30 June 2017 which can be obtained from the company's website www.gfinityplc.com. The exception to this are the judgements on the fair value of the consideration and the goodwill and intangible assets arising in relation to the purchase of Cevo, Inc.

Fair value of consideration and goodwill

The total consideration payable for the acquisition of Cevo, Inc. is based on the fair value of the amounts payable as at 31 December 2017. The fair value of deferred consideration has been established with reference to the exchange rate between USD and GBP as at the acquisition date, the value of Gfinity shares as at the acquisition date and Management's view of the probability the conditions for payment will be met. The initial assessment of the probability for payment was made with reference to Cevo, Inc.'s historical trading, sales pipeline and the review of Cevo, Inc.'s forecast undertaken during the acquisition process. Based on these the view of Gfinity PLC's management is that the deferred consideration will be payable in full. This is consistent with the preliminary unaudited results for Cevo, Inc. for the period January to December 2017. Goodwill is based on the difference between the fair value of the assets acquired and the fair value of the consideration payable. Work to ascertain the fair value of identifiable intangible assets other than goodwill has yet to be undertaken. Estimates will be calculated in the same manner as described above in relation to impairment testing (i.e. the higher of the fair value less cost to sell of the asset and its value in use which will be established via discounted cash flows).

Impairment of Subsidiaries

In line with IAS 36 intangible assets, including goodwill, are tested for impairment on an annual basis. Tests are undertaken irrespective of whether any impairment indicators exist with assets considered impaired if their recoverable amount is lower than their carrying value. For these interim financial statements, we have not tested our sole subsidiary (Cevo, Inc.) for impairment as it was acquired less than six months before the end of the reporting period and we are yet to complete the work to establish the fair value of intangible assets acquired. Once we have undertaken this work we will test for impairment by re-evaluating the validity of the assumptions used to calculate the recoverable amount for the asset.

3. Loss per share

Basic earnings per share is calculated by dividing the loss attributable to shareholders by the weighted average number of ordinary shares in issue during the period.

IAS 33 requires presentation of diluted EPS when a company could be called upon to issue shares that would decrease earnings per share or increase the loss per share. For a loss-making company with outstanding share options, net loss per share would be decreased by the exercise of options and therefore the effect of options has been disregarded in the calculation of diluted EPS.

	6 months ended 31 December 2017	6 months ended 31 December 2016	Year ended 30 June 2017
	£	**£**	**£**
Profit/ (Loss) attributable to shareholders	(7,222,248)	(1,710,876)	(5,228,164)
	Number 000's	**Number 000's**	**Number 000's**
Weighted average number of ordinary shares	203,157	149,326	157,221
	£	**£**	**£**
Loss per ordinary share	**-£0.04**	**-£0.01**	**-£0.03**

4. Notes to the Cash Flow Statement

	6 months to 31 December 2017	6 months to 31 December 2016	Year to 30 June 2017
Cash flows from operating activities			
Loss before taxation	(7,722,248)	(1,710,876)	(5,331,479)
Depreciation	235,781	116,883	199,338
Amortisation of intangible fixed assets	24,995	-	49,583
Interest received	(67)	(4,038)	(4,564)
Share of Associate Losses	147,295	-	-
Revenue Settled Via Equity	(98,490)	-	-
Share based payments	108,305	29,477	98,759
(Increase) in Inventories	(1,308)	(42)	9,707
(Increase) in trade and other receivables	444,033	(288,714)	(1,221,207)
Increase in trade and other payables	397,566	134,267	588,285
Disposal of fixed assets	-	-	72,910
Corporation tax paid/ received	103,315	-	103,315
Cash used by operating activities	**(6,360,823)**	**(1,723,043)**	**(5,435,353)**
Interest paid	-	-	-
Net cash used by operating activities	**(6,360,823)**	**(1,723,043)**	**(5,435,353)**

5. Remuneration of Key Management Personnel

During the period a total of 3,000,000 options over Ordinary shares in the Company were granted. 300,000 options lapsed, and no options were exercised during the period.

The total number of outstanding options in issue as at 31 December 2017 was 25,466,711 (30 June 2017: 22,766,711).

Of the options granted in the period, a total of 3,000,000 were granted to directors, as summarised in the table below:

Director	Date of Option Grant	Exercise Price	Number of Options granted	Total options held following the grant
Garry Cook	21 December 2017	£0.23125	1,000,000	1,000,000
Preeti Mardia	21 December 2017	£0.23125	1,000,000	1,000,000
Andy MacLeod	21 December 2017	£0.23125	1,000,000	1,000,000

6. Goodwill Arising on Purchase of Subsidiary

On 24 July 2017 Gfinity PLC acquired 100% of the issued shares of Cevo Inc (CEVO), a provider of technology and services to the global esports market for consideration of up to £2,158,499. CEVO's reputation as a provider of its own esports competitions, having a strong management team and leading-edge technology, further strengthens the Company's position as a leader in the esports sector while creating a platform for further expansion into the US market.

Purchase Consideration

	£
Initial Consideration	
Cash in GBP ($977,200 converted at $1.30 to £1)	751,999
Shares (3,614,049 shares at £0.21)	758,950
Total Initial Consideration	**1,510,949**
Deferred Consideration	
Cash in GBP ($418,800 converted at $1.30 to £1)	322,285
Shares (1,548,877 at £0.21)	325,264
Total Deferred Consideration	**647,549**
Maximum Consideration Payable	**2,158,498**

The fair values of the assets and liabilities of CEVO as at the date of acquisition are as follows:

	$	£
Cash and cash equivalents	46,211	35,561
Receivables	96,341	74,139
Payables	(31,516)	(24,523)
Borrowings	(45,000)	(34,630)
Add: goodwill and other intangibles	2,738,868	2,107,952
Net assets acquired	**2,804,904**	**2,158,499**

The goodwill that arises from the business combination reflects the profitability of CEVO and the enhanced growth prospects for both businesses. None of the goodwill is expected to be deductible for tax purposes.

Information not disclosed as not yet available

At the time the financial statements were authorised for issue, the group had not yet completed the accounting for the acquisition of CEVO; specifically, the full analysis of the categorisation between goodwill and other separately identifiable assets is yet to be undertaken and, consequently, any deferred tax on such assets is yet to be calculated.

Contingent consideration

Contingent consideration is payable based on CEVO's revenue exceeding $800,000 in the financial year ending 31 December 2017. The amount payable is flexed based on amounts between $800,000 and $1,000,000 with contingent consideration payable in full if revenue exceeds $1,000,000. Based on CEVO's preliminary accounts the fair value of the contingent consideration is estimated to be the maximum earnout (£647,549).

Acquisition related costs

Acquisition related costs of £43,802 will be included in administrative costs in the income statement in the period to 31 December 2017.

Revenue and Profit and Loss of Acquiree Post Acquisition

Revenue included in the consolidated statement of comprehensive income post acquisition to 31 December 2017 for CEVO was £457,808. The profit recognised for the same period was £109,691.

The revenue for the combined entity for the full reporting period, including CEVO's pre-acquisition figures, was £1,886,971 and the loss was £7,707,735.

7. Interests in associates

As at 31 December 2017 Gfinity held investments in two associates: the Esports Industry Awards Limited and Gfinity Esports Australia.

Gfinity PLC owns a 33% stake in the Esports Industry Awards Limited which was acquired on incorporation of the company in February 2017. The 33% holding represents a significant influence over the investment and, accordingly, this has been accounted for as an associate under the equity method. As at 31 December 2017 the value of the investment recognised in the consolidated statement of financial position for Gfinity PLC was £nil.

Gfinity owns a 30% stake in Gfinity Esports Australia PTY Limited which was acquired on 7 August 2017. The 30% holding represents a significant influence over this investment and, accordingly, this has been accounted for as an associate under the equity method. As at 31 December 2017 the value of the investment recognised in the consolidated statement of financial position for Gfinity PLC was £206,067.

	6 months ending 31 December 2017 £
At 1 July 2017	50,000
Additions	303,363
Profit / (Loss) for the period	(147,296)
At 31 December 2017	**206,067**

8. Events Occurring After the Period End

Acquisition of RealSM Limited

On 13 March 2018 Gfinity PLC acquired 100% of the issued shares of RealSM Limited (“RealSport”), owner of the fan orientated digital sports media platform, RealSport (realsport101.com). The fair value of the consideration is £2,307,634 consisting of 12,307,382 ordinary shares in Gfinity PLC at £0.1875. The purchase gives Gfinity PLC access to both RealSport’s platform and the community that has been built around it supporting our aim of building an engaged digital esports community.

Purchase Consideration

	£
Shares (12,307,382 shares at £0.1875)	2,307,634
Total Initial Consideration	**2,307,634**

The provisionally determined fair values of the assets and liabilities of RealSM Limited as at the date of acquisition are as follows:

	£
Fixed assets	12,847
Cash and cash equivalents	85
Receivables	10,000
Payables	(41,083)
Borrowings	(40,700)
Add: goodwill and other intangibles	2,366,485
Net assets acquired	**2,307,634**

The goodwill that arises from the business combination reflects the more than half a million active monthly users and the synergies and enhanced growth prospects for both businesses. None of the goodwill is expected to be deductible for tax purposes.

Acquisition related costs

Acquisition related costs are estimated at £40,000. These will be included in administrative costs in the income statement for the year ending June 2018.

Information not disclosed as not yet available

At the time of the financial statements were authorised for issue, the group had not yet completed the accounting for the acquisition of RealSM. The fair values of the assets and liabilities disclosed above have only been determined provisionally as the independent valuations have not been finalised. It is also not yet possible to provide detailed information about each class of acquired receivables and any contingent liabilities of the acquired entity. Full analysis of the categorisation between goodwill and other separately identifiable assets is also still to be undertaken and consequently any deferred tax on such assets is yet to be calculated.