

## Q2 2015 INTERIM REPORT

### HIGHLIGHTS

- All time high revenues of EUR 4.8 million in Q2 2015, a growth of 27% Q/Q and 88% on Q2 2014
- Positive Q2 2015 results with a EBITDA of EUR 72,432 and pre tax profit of EUR 875,446
- Guts migrated to proprietary platform, iGamingCloud on June 1, immediately increasing customer lifetime values and improving operating margin
- iGamingCloud signing first external customer in April, with two additional clients signed in August
- Acquired two Nordic affiliate networks in June and July, significantly increasing GiG's traffic driving capability over the next years
- Acquired 10% of the shares in payment gateway EPG in April

### KEY FIGURES

EUR 1000	Q2 2015	Q2 2014	6M 2015	6M 2014	2014
Revenue	4 801	2 561	8 591	5 166	12 347
EBITDA	72	-199	19	-14	-117
Pre tax profit (loss)	875	-231	595	-68	-220

### ABOUT GIG

*Gaming Innovation Group Inc. is a rapidly growing gambling solutions and entertainment provider. The group provides three bespoke revenue models; cutting-edge Cloud based Services, B2B Performance Marketing, and B2C gambling operators offering games from the best-of-breed suppliers across the online sports betting and casino industry. Gaming Innovation Group operates out of Malta, and is listed on the Oslo Stock Exchange with the ticker "GIG".*



## Summary

Gaming Innovation Group Inc. ("GIG") delivered strong growth in the second quarter of 2015 while pursuing its vision "to excel in the iGaming industry". Revenues increased 88% on Q2 2014, and 27% on Q1 2015. Cost of sales decreased with 10% in the same period, resulting in gross profit increasing 127% on Q2 2014 and 48% on Q1 2015.

In Q2 2015, the Company has successfully expanded operations into three business areas in iGaming; the traditional business-to-consumer gambling entertainment service. Secondly, the business-to-business services through a new cloud based platform offering. In addition, as a third business area; online performance marketing. Within this area strong organic growth and bolt-on acquisitions, have greatly enhanced the Company's ability to drive paying users to gambling operators on a commission based model.

The first external client on GIG's Cloud based platform services, iGamingCloud, was signed in April, and the client is set to launch in September. Two additional clients were signed in August and is set to launch in Q4. Through the agreements iGamingCloud has obtained proof of market acceptance for its innovative cloud based services, and are on good track to reach the goal of 5-10 external clients by year end. These B2B agreements will provide an entirely new revenue source for GiG and the signed contracts are expected to bring a yearly contribution in excess of MEUR1.

GIG is contracting games and odds services, offered to end-users and B2B clients, from third party suppliers through tiered based royalty deals. As the company continued to increase volumes, cost of sales decreased from 50% in Q1 2015, to 41% in Q2 2015. GIG expects cost of sales to continue to decrease after migrating its own brand Guts.com to iGamingCloud in June. Furthermore the investment in the payment gateway EPG will result in improved gateway fees and processing rates.

GIG expects continued growth in all three business segments going forward. Profits will be invested into marketing to obtain further scale advantages and thus positioning the Company to capitalise of the expected re-regulation of online gambling across key national markets over the next three years.


## Strategic and operational update

In the second quarter of 2015, Gaming Innovation Group Inc. ("GIG") finalized the acquisition of Gaming Innovation Group Ltd. and consolidated its activities in the iGaming space, positioning itself for growth going forward. Out of Malta the Company operates across three different business areas within iGaming:

- Cloud Services (B2B)
- Operators (B2C)
- Performance Marketing (B2B)

### Cloud Services

GIG's innovative Software-as-a-Service platform offering for iGaming - iGamingCloud.com (iGC) - was unveiled at the largest iGaming trade show ICE London in February 2015. iGC is a client management platform offering the full spectre of services for an iGaming operator with potential to be a game changer for the wider community of the iGaming industry as its two core functions are to eliminate technological bottlenecks and significantly reduce costs for operators and white labels alike.



The demand for the service has been high, and in April, iGC signed up its first external customer. The Company's own brand Betspin.com has operated on iGC since launch in February 2015 and Guts.com migrated to iGC effective June 1, 2015. In August, two additional operators have signed with iGC. iGC generates recurring revenue from its customers based on their volumes through the platform, and GIG will have external revenues from iGC from September 2015 and onwards. Another 5-10 new operators are expected to sign agreements with iGC before year end.

iGC has developed a proprietary Sportsbook Gaming Service using a mixture of in-house technology and leading providers. The application will be launched on Guts.com in August 2015.

Based on a new license from the Malta Gaming Authority, GIG will migrate all in-house brands to this service, and bundle the offering with the iGC platform as a Business-to-Business cloud service. This will allow clients to offer a very competitive pre-match and livebetting service, as well as all tools and licenses required to manage a sportsbetting business.

In August 2015, GIG signed a license agreement with MicroGaming where MicroGaming will supply their poker software to GIG's operators. GIG will launch Poker to the player base of Guts.com in Q4 2015, with the plan to expand to Betspin.com and Rizk.com in 2016. The strategic agreement marks a further milestone in GIG's commitment to become a full-scale iGaming entertainment and service provider, including the offering of poker as part of its cloud services offering to B2B clients.

The agreement is contingent on GIG's subsidiary MT SecureTrade being issued a class 3 on 4 license for Poker by the Malta Gaming Authorities and the process has commenced, and it is expected to be processed within 3 months.

## Operators

GIG is offering Business-to-Consumer Casino and Sportsbetting services through its three brands, Guts.com, Betspin.com and Rizk.com (launch in Q4 2015), and GIG is contracting with most major Gaming and Payment services providers and operates on its own licenses from Malta Gaming Authorities (MGA) and the United Kingdom Gaming Commission (UKGC).

GIG's major brand is Guts.com, an online sportsbook and casino launch in May 2012, that won the award for Best Global Casino in the IGB Awards in London in January 2015.

Guts.com has operated through an external platform service since launch, but migrated successfully to the Company's own iGC platform on June 1, 2015. By operating on iGC, Guts.com can scale up the amount of active users, and the user experience and back end capabilities will be significantly enhanced. The move to iGC will have cost savings in excess of 5% of gross incomes.

Guts.com has just launched a major TV campaign that will run through December 2015.

Betspin.com launched in February, 2015, as the first user on the iGC platform. Betspin.com has been well received both with customers and in the gaming industry, confirming that the brand is on a right track.

Total active real money players for both brands in the three months period May-July 2015 were 32,617. As of July 31, 2015, total registered users were 186,050.

Finally, GIG is developing a new Casino and Sportsbook brand - Rizk.com. With an increased focus on «Gamification» and an innovative user interface, this brand will differentiate its target audience from the two other brands. Rizk.com will launch in Q4 2015.



## Performance Marketing

GIG's subsidiary Innovation Labs, is aiming at becoming a leading online performance marketing firm, both for the Company's own brands and external operators. Innovation Labs refers paying users to B2B clients primarily on perpetual revenue share agreements. It sources these paying users by obtaining competitive rankings for high-value keywords in search engines through SEO (search engine optimization), generating traffic to owned websites. These websites have guides and quality content for the gaming industry and serves as paths to operators. Innovation Labs also refer paying users through data driven media buying techniques.

Adding to GIG's existing operations, the acquisition of Spaseeba AS was finalized in June 2015 and subsequently a Finish affiliate network and a Estonian based affiliate network were acquired in July and August 2015. All assets are now merged into Innovation Labs and the combined activities are expected to generate a strong cash flow and a high gross margin, resulting from a large portfolio of paying users.

## Easy Payment Gateway

In May 2015, GIG purchased 10% of the shares in Easy Payment Gateway Ltd. for a consideration of GBP 500,000, with an option to purchase an additional 15% of the shares in Easy Payment Gateway Ltd. iGamingCloud has integrated the application into its services- which will provide an immediate cost saving for gateway fees in excess of EUR 60,000 annually for GIG's B2C brands. This service will also be part of iGC's offering to B2B customers.

## Outlook

With the migration of Guts to the iGC platform from June, our own brands are operational on our platform. Including TV campaigns and the launch of Rizk.com in October, we expect to increase the number of active users to 50,000 in Q4 2015. iGamingCloud has so far signed three external customers and we expect between 5 and 10 external customers signed to use the platform before year end, contributing to our results in 2016 and onwards. For Innovation Labs, the acquisition of affiliates during the past months will significantly increase volumes going forward.

Although the increased activity result in more employees and increased operating costs, new revenue streams and reduce cost of sales due to higher volumes will improve total performance going forward.

## FINANCIAL REVIEW

The unaudited interim condensed financial statements have been prepared in conformity with International Financial Reporting Standards. The condensed financial statements report the full year of operations of Gaming Innovation Group Ltd. and subsidiary along with activities for Gaming Innovation Group Inc. for the period June 17 through June 30, 2015 based on the fact that Gaming Innovation Group Ltd. has been determined to be the accounting acquirer and Gaming Innovation Group Inc. has been determined to be the accounting acquiree. As a result of the transaction, the Company has changed its reporting currency from USD to EUR.



## Results for the second quarter 2015

GIG's consolidated revenues were EUR 4.80 million in the second quarter of 2015, an increase of 88% compared to EUR 2.56 million in the second quarter of 2014 and 27% compared to the first quarter of 2015. Revenues consist of income from the Company's gaming sites Guts.com and Betspin.com, and from affiliate marketing in Innovation Labs. Costs of sales amounted to EUR 2.00 million or 42 per cent of operating revenues in the second quarter of 2015. This is a reduction from 52 per cent of operating revenues in the second quarter of 2014. Thus, gross profit was EUR 2.80 million in the second quarter of 2015, an increase of 127% from EUR 1.23 million in the second quarter of 2014.

Marketing expenses amounted to EUR 1.09 million in the Q2 2015, an increase from EUR 0.82 million in Q2 2014. Marketing expenses were 23% of operating revenues in Q2 2015, compared to 30% in Q2 2014. Other operating expenses amounted to EUR 1.63 million in Q2 2015, compared to EUR 0.60 million in Q2 2014. Operating expenses are mainly related to salaries, rent and general corporate expenses, and the increase is a result of more activity and an increase in employees. Operating expenses include a share based compensation expense of EUR 0.20 million in Q2 2015.

EBITDA for the period ended at EUR 0.07 million, compared to a negative EUR 0.20 million in Q2 2014.

Net other income was EUR 0.85 million in Q2 2015, compared to EUR 0 in Q2 2014. This includes a gain on the sale of 10% of the shares in iGaming Cloud in May 2015. Net result ended at EUR 0.82 million in Q2 2015, compared to a net loss of EUR 0.08 million in Q2 2014.

## Results for the first six months of 2015

Consolidated revenues were EUR 8.59 million in the first six months of 2015, an increase of 66% compared to EUR 5.17 million in the first half of 2014. Costs of sales amounted to EUR 3.91 million or 45 per cent of operating revenues in the first half of 2015 compared to EUR 2.52 or 49% in the first half of 2014. Gross profit was EUR 4.68 million in the first half of 2015, an increase of 75% from EUR 2.65 million in the first half of 2014.


Marketing expenses amounted to EUR 2.01 million in the first half of 2015, compared to EUR 1.57 million in the first half of 2014. Other operating expenses amounted to EUR 2.65 million in Q2 2015, compared to EUR 1.10 million in Q2 2014. This includes a share based compensation expense of EUR 0.34 million in Q2 2015.

EBITDA for the first half of 2015 was EUR 0.02 million, compared to EUR -0.01 million in the first half of 2014.

Net other income was EUR 0.66 million in the first half of 2015, compared to EUR 0.00 million in the first half of 2014. This includes a gain on the sale of 10% of the shares in iGaming Cloud in May 2015. Net result ended at EUR 0.56 million in the first half of 2015, compared to EUR 0.09 million in the first half of 2014.

## Cash flow & financial position

Consolidated net cash flow from operational activities amounted to EUR 0.25 million during Q2 2015 (EUR -0.53 million in Q2 2014). Net cash flow used by investment activities was USD -0.85 million for the quarter (EUR -0.09 million in Q2 2014). Net cash flow from financing activities was EUR 0.82 million for the quarter (EUR 0 in Q2 2014).



Net increase in cash and cash equivalents amounted to EUR 0.16 million during the quarter (EUR -0.62 million in 2014), and by June 30, 2015 holdings of cash and cash equivalents amounted to EUR 1.15 million (EUR 0.37 million in 2014). In addition, the Company had balances with payment providers and e-wallets related to its operators of EUR 1.35 million as of June 30, 2015.

As of 30 June 2015 GIG owned 22,000,000 treasury shares with a market value of EUR 2.62 million. These treasury shares are not shown as an asset in the Company's balance sheet according to IFRS.

GIG had total assets of EUR 31.96 million as of June 30, 2015, including a goodwill resulting from the merger of EUR 22.25 million (see note 3). Net interest bearing debt were EUR 2.74 million as of June 30, 2015, an increase from EUR 0 as of June 30, 2014.

## ACQUISITION OF GAMING INNOVATION GROUP LTD.

In February 2015, GIG (then Nio Inc.) entered into an agreement to exchange the entire issued share capital of Gaming Innovation Group Ltd. for shares in GIG. The transaction was approved by the Oslo Stock Exchange and the Malta Gaming Authority, and on June 17, 2015 GIG issued 290 million new shares as consideration for all shares in Gaming Innovation Group Ltd. In addition, the shareholders in Gaming Innovation Group Ltd. may be entitled to a variable consideration of up to 125 million shares, provided that Gaming Innovation Group Ltd. reaches certain revenue targets in 2015 and 2016.

Prior to the acquisition, Gaming Innovation Group Ltd. owned 22,000,000 GIG shares and received 5,000,000 new shares from a loan conversion, and these 27,000,000 shares was used to purchase the online marketing firm Spaseeba AS in June 2017. These shares are subject to a lock-up until May 1, 2017.

## SHAREHOLDER MATTERS

In May, the Company changed its name from Nio Inc. to Gaming Innovation Group Inc. to reflect the new initiative within iGaming through the acquisition of Gaming Innovation Group Ltd.

In June 2015, Gaming Innovation Group Inc. issued 301,146,000 new shares of its common stock whereof (i) 290,000,000 shares for the purchase of Gaming Innovation Group Ltd., (ii) 5,000,000 shares for the conversion of a EUR 500,000 loan from Gaming Innovation Group Ltd. to GIG's subsidiary Candid Gaming Ltd., (iii) 5,125,000 new shares for the exercise of warrants at a share price of NOK 1.30 per share, and (iv) 1,021,000 new shares for the purchase of an affiliate network.

Of the new shares, 274,000,000 shares are subject to a two year lock up period, whereof shares with a trading value of NOK 10 million will be released after 12 months. The lock up undertaking also apply to 9,061,867 existing GIG shares.

In connection with the GIG transaction, a warrant to purchase 5 million GIG shares held by Gaming Innovation Group Ltd., was cancelled. In June 2015, 2,400,000 options were granted to new key employees with an exercise price of NOK 1.25 per share. The options are exercisable with 33.3% between May 27 to June 27, 2016, 33.3% between May 27 to June 27, 2017 and 33.4% between May 27 to June 27, 2018. After the grant, a total of 6,525,000 options and 743,334 warrants are outstanding.

502,120,952 shares were issued and outstanding as of June 30, 2015, each with a par value of USD 0.10. As of June 30, GIG hold 22,000,000 own shares, equal to 4.38% of the outstanding shares. The number of authorized shares is 750,000,000.



## STATEMENT FROM THE BOARD OF DIRECTORS

The Board of Directors has today approved the condensed consolidated financial statements for the first six months of 2015 and the condensed consolidated balance sheet per June 30, 2015 for Gaming Innovation Group Inc.

We declare to the best of our belief that the condensed consolidated financial statements for the first half of 2015 gives a true and fair view of the Company's assets, liabilities, financial position and results of operations, and that the report is produced according to prevailing accounting standards.

We also declare, to the best of our belief, that the half-year report provides a fair view of the information required under §5-6 (4) of the Norwegian Securities Act. We also confirm that any description of transactions with related parties are correct. The relevant risks the Company is exposed to are described in the Information Memorandum dated March 27, 2015

August 18, 2015

The Board of Directors of Gaming Innovation Group Inc.



Helge Nielsen  
Chairman



Jon B. Skabo  
Director



Morten Soltveit  
Director



Christopher Langeland  
Director



Robin Reed  
CEO

**GAMING INNOVATION GROUP INC.**  
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS  
IN EUROS  
(Unaudited)

	Q2 2015	Q2 2014	6M 2015	6M 2014	2014
<b>Revenues</b>	<b>4 801 197</b>	<b>2 560 535</b>	<b>8 590 516</b>	<b>5 166 299</b>	<b>12 346 946</b>
Cost of Sales	2 004 845	1 331 255	3 906 372	2 516 545	6 167 778
<b>Gross profit</b>	<b>2 796 352</b>	<b>1 229 280</b>	<b>4 684 144</b>	<b>2 649 754</b>	<b>6 179 168</b>
Marketing expenses	1 091 576	822 889	2 011 876	1 567 232	3 522 283
Other operating expenses	1 632 344	605 569	2 653 415	1 096 777	2 774 308
Total operating expenses	2 723 920	1 428 458	4 665 291	2 664 009	6 296 591
<b>EBITDA</b>	<b>72 432</b>	<b>-199 178</b>	<b>18 853</b>	<b>-14 255</b>	<b>-117 423</b>
Depreciation & amortization	46 697	31 683	80 961	53 683	128 002
<b>EBIT</b>	<b>25 735</b>	<b>-230 861</b>	<b>-62 108</b>	<b>-67 938</b>	<b>-245 425</b>
Other income	849 730	34	657 893	60	25 670
<b>Results before income taxes</b>	<b>875 446</b>	<b>-230 827</b>	<b>595 785</b>	<b>-67 878</b>	<b>-219 755</b>
Income tax refund (expense)	-51 109	153 180	-37 144	153 173	72 764
<b>Net results</b>	<b>824 356</b>	<b>-77 647</b>	<b>558 641</b>	<b>85 295</b>	<b>-146 991</b>
Exchange diff. on translation of foreign operations	-55 372	-	-55 372	-	-
<b>Total Comprehensive income (loss)</b>	<b>768 984</b>	<b>-77 647</b>	<b>503 269</b>	<b>85 295</b>	<b>-146 991</b>
Total comprehensive income (loss) attributable to:					
Owners of the parent	607 711	-52 878	227 246	98 237	-131 240
Non-controlling interests	161 273	-24 769	276 023	-12 942	-15 751
<b>Total Comprehensive income (loss)</b>	<b>768 984</b>	<b>-77 647</b>	<b>503 269</b>	<b>85 295</b>	<b>-146 991</b>
<b>Earnings (losses) per share attributable to Gaming Innovation Group Inc.:</b>					
Basic and diluted earnings (losses) per share	0.00	-0.00	0.00	0.00	-0.00
Weighted average shares outstanding	206 648 029	135 898 029	180 407 272	157 925 228	142 850 499



**GAMING INNOVATION GROUP INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEET**  
**IN EUROS**  
(Unaudited)

	6-30-15	6-30-14	12-31-14
<b>ASSETS</b>			
Non-current assets:			
Goodwill	22 252 461	-	-
Intangible assets	4 300 455	298 366	525 125
Deposits and other non-current assets	1 347 994	215 210	223 620
Total non-current assets	27 900 910	513 576	148 145
Current assets:			
Prepaid and other current assets	452 148	199 792	73 493
Trade and other receivable	2 456 417	1 359 185	2 702 977
Cash and cash equivalents	1 150 638	368 233	738 076
Total current assets	4 059 203	1 927 210	3 514 546
<b>TOTAL ASSETS</b>	<b>31 960 113</b>	<b>2 440 786</b>	<b>4 263 291</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Shareholders' equity:			
Share Capital	43 317 798	28 190 810	28 190 810
Retained earnings	-16 386 097	-27 198 264	-25 981 346
Treasury stock at cost (22,000,000 shares)	-705 642	-	-
Attributable to Gaming Innovation Group Inc.	26 226 059	992 546	2 209 464
Non-controlling interests	770 131	252 336	494 302
Total equity	26 996 190	1 244 882	2 703 766
Current liabilities:			
Trade payables and accrued expenses	2 158 516	1 184 724	1 273 499
Short term loans	2 285 472	-	-
Other current liabilities	61 218	11 180	286 026
Total current liabilities	4 505 206	1 195 904	1 559 525
Long term liabilities: long term loan	458 717	-	-
Total liabilities	4 963 923	1 195 904	1 559 525
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>31 960 113</b>	<b>2 440 786</b>	<b>4 263 291</b>
<b>Equity at beginning of period</b>	<b>2 703 766</b>	<b>1 091 739</b>	<b>1 091 739</b>
Exchange of shares of GIG Ltd. for GIG	22 507 152	-	-
Exercise of warrants	769 747	-	-
Issuance of shares for repayment of debt	499 498	-	-
Share subscriptions received	-	-	1 305 271
Share compensation expense	12 308	17 832	158 973
Non-controlling interests	276 023	-12 942	294 774
Adjustments to non-controlling interests	-	50 016	-
Net results	282 618	98 237	-146 991
Exchange differences on translation of foreign operations	-55 372	-	-
<b>Equity at end of period</b>	<b>26 996 190</b>	<b>1 244 882</b>	<b>2 703 766</b>

**GAMING INNOVATION GROUP INC.**  
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
 IN EUROS  
 (Unaudited)

	Q2 2015	Q2 2014	6M 2015	6M 2014	2014
<b>Cash Flows from Operating Activities</b>					
Results before income taxes	875 465	-230 827	595 785	-67 878	-219,755
Adjustments to reconcile profit before tax to net cash flow:					
Tax refund (expense)	-51 109	153 180	-37 144	153 173	72 764
Depreciation and amortization	46 697	31 683	80 961	53 683	128 002
Other adjustments for non-cash items and changes in operating assets and liabilities	-625 342	-483 475	-73 054	-376 648	-1 095 281
Net cash provided (used) by operating activities	245 711	-529 439	566,548	-237 670	-1 114 270
<b>Cash Flows from Investing Activities</b>					
Purchase of property, plant and equipment	-55 538	-63 937	-198 981	-176 969	-298 624
Cash flow from other investing activities	-793 609	-24 641	-764 633	-38 118	-220 066
Net cash used by investing activities	-849 147	-88 578	-963 614	-215 087	-518 690
<b>Cash Flows from Financing Activities</b>					
Proceeds from loans	800 000	-	800 000	-	-
Funds received for shares to be issued	-	-	-	-	1 305 271
Cash flow from other financing activities	15 000	-	65 000	49 999	294 774
Net cash provided (used) by financing activities	815 000	-	865 000	49 999	1 600 045
Translation gain (loss)	-55 372	-	-55 372	-	-
Net increase (decrease) in cash	156 192	-618 017	412 562	-402 758	-32 915
Cash and cash equivalents - beginning	994 446	986 250	738 076	770 991	770 991
<b>Cash and cash equivalents - end</b>	<b>1 150 638</b>	<b>368 233</b>	<b>1 150 638</b>	<b>368 233</b>	<b>738 076</b>

# SELECTED NOTES TO GAMING INNOVATION GROUP INC. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE PERIODS ENDED JUNE 30, 2015 AND 2014

## 1. GENERAL INFORMATION

Gaming Innovation Group Limited ("GIG Ltd.") is incorporated and domiciled in Malta, having a registered office at GB Buildings Penthouse, Water Street, Ta' Xbiex, XBX 1301. Pursuant to a reverse merger transaction consummated effective June 17, 2015, GIG Ltd. became a wholly-owned subsidiary of Gaming Innovation Group Inc. (formerly Nio Inc., "GIG" or the "Company") a US corporation incorporated in the state of Delaware and traded on the Oslo Stock Exchange with the ticker symbol "GIG". In connection with the reverse merger, Nio Inc. changed its name to Gaming Innovation Group, Inc. The transaction resulted in GIG Ltd. owning approximately 64% majority of GIG's post-transaction outstanding shares. Accordingly, although GIG is the legal parent, GIG Ltd. is treated as the accounting acquiror. (See the discussion of the accounting treatment in the last two paragraphs of this Note 1). GIG Ltd.'s principal activity is to provide the facility of internet gambling, gaming and betting.

Except as discussed in the following paragraph, the condensed consolidated financial statements of the Company as at and for the periods ended June 30, 2015 and 2014 are comprised of Gaming Innovation Group Inc. and its subsidiaries: Gaming Innovation Group Ltd, Candid Gaming Ltd ("Candid") and Gridmanager Ltd ("Grid") (corporations registered in Malta), GE Online Ltd ("GE") (a corporation registered in Gibraltar) and Les Encheres Bidou Inc. ("Bidou") (a corporation registered in Canada) and the following companies directly or indirectly owned by Gaming Innovation Group Inc.: MT Secure Trade Ltd, ("Secure") Innovation Labs Ltd, ("Labs") H2H Poker Ltd (90%), ("Poker") Gaming Exchange Ltd. ("Exchange") (corporations registered in Malta), Spaseeba AS ("AS") (a corporation registered in Norway), NV SecureTrade Ltd ("Trade") and iGamingCloud NV ("Cloud") (corporations registered in Curacao).

The operations of Candid, Grid, GE and Bidou are only consolidated from June 17, 2015, the effective date of the reverse acquisition. These four companies were the only subsidiaries of GIG with continuing operations and are included from the merger date. The consolidated financial statements are from the Company's standpoint. All of GIG's other historical transactions have been closed out to accumulated deficit and have been reclassified to share premium (deficiency) on the accompanying statement of consolidated shareholders equity.

## 2. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in conformity with IAS 34 and do not include all of the information required for full annual financial statements. The condensed consolidated interim financial statements for the periods ended June 30, 2015 and 2014 have not been audited by the Company's auditors.

These unaudited interim condensed financial statements have been prepared in conformity with International Financial Reporting Standards ("IFRS"). The condensed financial statements report the six months of 2015 and the full year of operations of 2014 of Gaming Innovation Group Inc. and subsidiaries along with activities for the four GIG subsidiaries noted above for the period June 17 to June 30, 2015 based on the fact that GIG Ltd. has been determined to be the accounting acquiror and GIG has been determined to be the accounting acquiree.

The Company's consolidated financial statements are presented in Euros (EUR), which is the presentation and functional currency of the Company.

The functional currencies of its subsidiaries are the United States dollar, the Euro and the Canadian dollar which are translated into EUR at monthly average rates for revenues and expenses and at month end rates for assets and liabilities. Equity accounts are translated at historical rates. Exchange differences on translation of foreign operations are shown as a separate component of stockholders' equity (deficit) and reflected as other comprehensive income (loss) on the consolidated statement of comprehensive loss.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Accounting Policies


The accounting policies adopted and used in preparing the condensed consolidated financial statements as of and for the periods ended June 30, 2015 and 2014 are consistent with those used in preparing the Company's consolidated financial statements as of and for the year ended December 31, 2014.

### Revenue Recognition Policy

The Company's online sports betting service operations recognize revenues when calculations of odds on sporting events are both: a) prepared and provided to its customers and b) the calculated odds provide profits to its customers on the related sporting events betting sold to the public by its customers.

The Company's online gaming service operation provides a sportsbook and a casino product. Sportsbook revenue is attributable to gaming transactions in which the Company assumes an open position against the player and are reported net after deducting player real money winnings which are calculated according to the outcome of the game.

Gaming transactions in which the Company's revenue consists of a percentage of winnings or similar are accounted for in accordance with IAS 18 "Revenue". Gaming revenues are reported net after deduction for player real money winnings. The Company's Casino operations follow the same revenue recognition policies as its Gaming operations.



The Company's affiliate service operation recognizes revenue when the Company is awarded a percentage from the revenue generated of each customer brought by the affiliate's own marketing efforts. The Company's technology service operation recognizes revenue from the involved license revenue for the provision of the Company's technical platform to its customers.

#### **Goodwill**

Under IFRS 3, goodwill is the excess of consideration paid in a business combination over the fair value of the net tangible and intangible assets acquired. The Company has valued GIG's net outstanding 148,099,952 shares at the market price of GIG's shares on the closing of the merger transaction, NOK 1.16 (EUR 0.13). These are the shares the Company is deemed to have issued to effect the merger. The aggregate value of these shares is EUR 19,691,794, the fair value of GIG's other assets and its liabilities have been preliminarily determined to be equivalent to their carrying values, resulting in goodwill of EUR 22,249,182.

IFRS 3 requires recognition of impairment loss when the Company determines the carrying value of goodwill, measured at the segment level, will not be recovered. Goodwill is tested for impairment at least annually or when other factors exist indicating that an impairment loss may have occurred. Due to the relatively short period of time since the closing of the merger, management does not believe any impairment of goodwill has occurred. The Company will allocate the goodwill over various identifiable intangibles within twelve months of the acquisition date as required by IFRS and expects to assess the recoverability of goodwill prior to the publication of its annual audited financial statement.

#### **4. INTANGIBLE ASSETS OTHER THAN GOODWILL**

In connection with the forward acquisition of Spaseeba AS effective May 1, 2015 the shares issued to acquire Spaseeba were valued at the market price of GIG's shares on the closing of the merger transaction, NOK 1.16 (EUR 0.13). The aggregate value of these shares was EUR 3,859,891, and based on a fair value calculation performed by an external appraisal the fair value of Spaseeba's other assets and liabilities have been determined to have a value of EUR 3,014,499 which is booked as intangible with the balance as goodwill.

#### **5. SEGMENT INFORMATION**

The Company operated a single segment in 2015 and 2014 and as such, segment information is not presented. Geographical sales will be disclosed annually in the annual report.

#### **6. DEPOSITS AND OTHER NON-CURRENT ASSETS**

Other assets include security deposits on office leases and certain value added tax refunds due from various taxing authorities.

#### **7. CURRENT LIABILITIES**

Other liabilities include players' money which have been deposited or won by players but have not yet been withdrawn.

#### **8. EARNINGS (LOSS) PER SHARE**

Basic earnings (loss) per share are calculated by dividing the net income (loss) for the period, plus or minus applicable dividends, by the weighted number of shares outstanding. Diluted earnings (loss) per share utilize the same numerator, but outstanding shares in gain periods include the dilutive effect of outstanding warrants and options determined by the treasury stock method.

#### **9. CHANGE IN EQUITY**

In January 2015, 27,000,000 new Nio GIG shares were issued for the purchase of the minority interest in Candid at a share price of NOK 1.30 per share. In addition, as part of the transaction, 14,000,000 shares were issued and kept in treasury to be used by GIG for future compensation of Candid employees. GIG now owns 100% of Candid. In February 2015, 5,125,000 warrants were exercised at a share price of NOK 1.30 per share and issued on June 17, 2015.

Pursuant to a special shareholders' meeting on March 17, 2015, the Company's number of authorized shares increased from 250,000,000 to 750,000,000 each with a par value of \$0.10.

On February 15, 2015 GIG Ltd. signed an agreement to exchange its entire issued share capital for shares in GIG. On June 17, 2015, GIG issued 290 million new shares to GIG Ltd.'s shareholders as consideration for all of their shares. Also, such shareholders may be entitled to a variable consideration of up to a maximum of 125 million shares, provided GIG Ltd. reaches certain revenue targets in 2015 and 2016.

Super Innovative Limted, a company owned by Robin, CEO of GIG, close associates of Kjetil Aasen, prior CEO of GIG, and Christopher Langeland, board member of GIG, owned approximately 18.1%, 7.0% and 1.1% respectively of GIG Ltd. and received new shares in GIG as consideration for such shares.

	Common Stock Shares	Common Stock Amount	Treasury Shares	Share Premium	Share Premium Adjustment	Non-controlling interest	Subscription receivable	Translation Reserve	Retained Earnings (Deficit)	Total Equity
<b>Balances at January 1, 2014</b>	174 291	1 743	-	949 433	-	215 279	-	-2 315	-72 401	1 091 739
Adjustment to give effect to the exchange of GIG Ltd. shares for 317,000,000 shares of GIG	316 825 709	28 189 067		-949 433	-27 239 634					-
Net result						-15 751			-131 240	-146 991
Exchange diff. on translating foreign operations								8 472	-8 472	-
Equity attributable to non-controlling interest on business combinations						294 774				294 774
Equity settled share based payments					158 973					158 973
Shares subscription received							1 305 271			1 305 271
<b>Balances at December 31, 2014</b>	<b>317 000 000</b>	<b>28 190 810</b>	<b>-</b>	<b>-</b>	<b>-27 080 661</b>	<b>494 302</b>	<b>1 305 271</b>	<b>6 157</b>	<b>-212 113</b>	<b>2 703 766</b>
Net result						276 023			227 246	503 269
Exchange diff. on translating foreign operations								-55 372	55 372	-
Exercise of warrants	5 125 000	455 766		313 981						769 747
Issue of shares in repayment of debt	5 000 000	444 650		55 298						499 948
Share compensation expense				12 308						12 308
Issuance of subscribed shares					1 305 271		-1 305 271			
Exchange of shares of GIG Ltd. for GIG	159 974 952	14 226 572	-705 642	-381 587	9 368 003	-194				22 507 152
<b>Balances at June 30, 2015</b>	<b>487 099 952</b>	<b>43 317 798</b>	<b>-705 642</b>	<b>-</b>	<b>-16 407 387</b>	<b>770 131</b>	<b>-</b>	<b>-49 215</b>	<b>70 505</b>	<b>26 996 190</b>

## 10. LOANS PAYABLE SHAREHOLDERS

In June 2014, the Company entered into a NOK 11,975,000 loan agreement with a group of lenders with an interest rate of 10 % per annum and maturity on September 15, 2015. The lenders were granted an option to convert the loan into Company shares at a share price of NOK 0.50. In January 2015, one million NOKs in loan value was converted into two million Company shares. (See Note 11 for additional conversions into shares after June 2015).

In May 2015, GIG Ltd. entered into a loan agreement for EUR 700,000 with a lender with an interest rate of 10 % per annum and maturity on December 20, 2015.

In June 2015, GIG entered into loan agreements for NOK 7,000,000 with two lenders with an interest rate of 10 % per annum and maturity on September 30, 2015. Close associates of Jon Skabo, board member of the Company, participated in the loan with NOK 1,000,000.

Short-term loans outstanding balances at June 30, 2015 and 2014 were EUR 2,285,472 and EUR 0 respectively.

In October 2014, Candid entered into a new EUR 500,000 loan agreement with GIG Ltd. with an interest rate of 6.5% per annum with monthly installments of EUR 30,000 due beginning October 2016. The lender was granted an option to convert the loan into shares in Nio up until August 18, 2016 at a share price of USD 0.10. In June 2015, this loan was converted into five million shares of the Company.

Long-term loans outstanding balances at June 30, 2015 and 2014 were EUR 458,717 and EUR 0 respectively.

## 10. RELATED PARTY TRANSACTIONS

There were no other material related parties' transactions in the fourth quarter of 2014 than reported in Note 8, 9 and 11.

## 11. SUBSEQUENT EVENTS

In June 2014, the Company entered into a NOK 11,975,000 loan agreement with a group of lenders with an interest rate of 10 % per annum and maturity on September 15, 2015. The lenders were granted an option to convert the loan into Company at a share price of NOK 0.50. In July 2015, 3.145 million NOKs in loan value was converted into 6.29 million treasury shares.

In June, GIG entered into an agreement to purchase of an affiliate network, including associated affiliate agreements and future revenues for a consideration of EUR 440,000 plus 1,021,000 new shares. The transaction was closed with new shares transferred to the seller in July.



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