



WEEK 50

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THIS WEEK

- Lucky Dragon casino opens in Las Vegas
- HMRC U-turns on freeplay tax
- Unibet Group name change made official
- Guest column: Nick Jakubowski, BingoMania

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TOP STORY

JAPANESE “CASINO BILL” PASSES FIRST STAGE

Attempted legislation successful in the Lower House; Japanese gaming industry shares soar



The long-awaited “casino bill” has been passed in Japan’s Lower House Cabinet Committee, bringing Japan’s ruling Liberal Democratic Party led by Prime Minister Shinzo Abe closer to its goal of legalising gaming resorts by 14 December.

The junior coalition party, the Komeito, has been a stumbling block for enacting the bill in the past, raising concerns of escalating gambling addiction rates and increasing criminal activity. However, The Komeito Party offered minimal objection, and ultimately supported the bill. Members of the opposition Democratic Party fiercely objected the bill, walking out of the committee vote in protest.

Since the bill was passed by the Lower House Committee, shares in Japan’s gaming industry have skyrocketed in Hong Kong. Niraku GC Holdings, a Japanese operator of pinball-like pachinko parlours, escalated as much as 139% to HK\$1.67 in trading in Hong Kong. Dynam Japan Holdings Co. also grew as much as 44% to HK\$14.70 on the city’s bourse.

The bill was created with the intention of developing integrated resorts: “We are not thinking at all about creating casinos alone. We are thinking of complex entertainment facilities,” LDP lawmaker Takeshi Iwaya said at the committee session of the Lower House on Wednesday. Following the 2020

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FROM FRONT PAGE ►

Tokyo Summer Olympics, casino gaming would give a boost to the country's leisure and tourism industry, and overall subdued economic growth.

KEY POINTS

- Bill to legalise gaming resorts passes Japanese Lower House
- PM Shinzo Abe aims to fully legalise by 14 December
- Shares in Japan's gaming industry shot up after the act negotiated the Lower House

M&A

CATENA SET TO ACQUIRE CASINOUK.COM

Affiliate business expands its UK reach

Catena Media, a leading generation and online performance marketing company, has set a deal to acquire Casinouk.com for £10.6m.

Once complete, Catena intends to integrate the Casinouk.com assets into its own business to "utilise the synergies between the two operations."

The company expects the assets to have a direct positive effect on its search revenues.

The Casino UK website provides reviews about UK-facing online casinos, guides about popular casino games, and other gambling-related content. The site is estimated to be generating revenue of around £500,000 per quarter, with operating margin standing at about 80%. The greater portion of its revenue is derived from the UK market.

Catena Media acquired another UK-based and oriented website in October, paying £2.7 million (with an option for an additional earn-out of up to £8.8 million) for sports news, betting and tips website SBAT.

Robert Andersson, Chief Executive of Catena, said: "The acquired assets of casinouk.com will make a great addition to our UK casino vertical, whereas our previous investments in the UK during 2016, including newly acquired SBAT, have been more sportsbook related."

US CASINOS

LUCKY DRAGON OPENS ITS DOORS

Las Vegas has a new casino

Lucky Dragon hotel-casino officially opened on Saturday 3 December, with

a formal event that was highlighted by pyrotechnics and dancers.

Lucky Dragon is the first resort to open on the Vegas Strip as a new build since the Cosmopolitan launched in December 2010.

Hotel President Andrew Fonfa expects the Lucky Dragon's customer base will break down to 60 percent locals, 20 percent from California, and the last 20 percent coming from China thanks to the new direct Hainan Airlines routes from Beijing to Las Vegas.

He also made it clear that the casino is targeting the Asian market, stating: "Everybody is all over the new concept that the Chinese are coming, the Asians are coming to Las Vegas, and we need to be prepared for that language in signage and we have addressed that from the start".

SPORTS BETTING

UNIBET GROUP OFFICIALLY RENAMED KINDRED GROUP

Rebrand first announced in September

At a General Meeting in Stockholm, shareholders approved the proposed change of the name of the holding company from Unibet Group plc to Kindred Group plc.

The decision to rename Unibet Group was made due to the company's ongoing change and development, with a strong focus on its multi-brand strategy. The company now has ten consumer facing brands in the portfolio, many of them acquired, which will all be represented by the Kindred Group brand.

Anders Ström, Chairman of the Board of Directors of Unibet Group, says: "Changing our group name from Unibet Group to Kindred Group marks an historic step for our company, founded almost twenty years ago. We are now in a position to move Kindred Group into the future with enhanced clarity and flexibility, creating better conditions for future growth in a dynamic and changing business environment."

LEGAL AND REGULATORY
HMRC TO AMEND REGULATION ON FREEPLAY TAXATION

Will take effect from 1 August 2017

This week the government has decided to revise new rules regarding free bets, freeplays and discounted betting.

Earlier this year, HMRC released an industry consultation paper detailing its proposals to levy remote gaming duties on freeplays, in order to align Remote Gaming Duty policy with that of free bets in General Betting Duty.

George Osborne declared the end of the exemption that online casino and bingo operators had once enjoyed from the 15% general betting duty imposed on free or discounted online sports bets.

HMRC stated that it wanted to bring further clarity regarding the upcoming taxation of free bets offered by industry remote betting stakeholders.

The decision faced backlash from operators, the new duty came shortly after the 15% online point of consumption tax on gambling revenue was implemented. Bookmakers with retail betting operations also saw their Machine Games Duty increase from 20% to 25% that year.

Operators disputed that the unacceptably high tax burden that was set upon them could severely damage the market. Whilst limiting existing operators, it would also stifle the growth of new market entrants.

The new draft legislation applies to remote gambling operators liable to account for Remote Gaming Duty, which concerns to gaming over the internet, telephone, by television, radio or other electronic communications.

Under the news draft legislation, freeplays subject to re-wagering requirements are treated as taxable gaming payments each time they're played, while winning that accumulate during re-wagering can't be deducted from the tax calculation until the player has met the rollover requirements and is allowed to withdraw the winnings.

Confirming the changes, HMRC says: "This measure is intended to bring the tax treatment of freeplays for remote gaming more into line with the treatment for free bets under GBD.

"The costing includes a behavioural effect to account for a change in the marketing strategy of affected operators as well as the potential for firms finding ways to mitigate the impacts of the measure."

The change will take effect on 1 August 2017, which some argue is too far away.

THIS WEEK IN NUMBERS

The facts and figures that have caught our eye in the past seven days



£35,000

Fines for operators who contravene proposed legislation by the Kenyan government



3%

Spain's GDP that was accounted for by the gambling market last year



Illegal gambling sites shut down by South Africa's Police Service and the South Africa Directorate for Priority Crime Investigation



The maximum value per line that William Hill plans to offer as liabilities on its online roulette



10

US State Attorney Generals signed a letter supporting an online poker ban



Share sale value for Playtech Plc's planned ordinary share buyback programme



US\$7.8bn

Economic activity generated by California Tribal Gaming, according to the California Nations Indian Gaming Association



€820,000

The increased limit for illegal operator gambling fines in the Netherlands

GUEST COLUMNIST

VR FOR GAMBLING AND BINGO



By Nick
Jakubowski
BingoMania

Today is the first year that virtual reality (VR) devices have made it into the hands of consumers. The Oculus Rift, HTC Vive, Gear VR, and the Playstation Pro were all released in 2016. If you have a Steam account, you've seen the flood of new VR experiences that have come on the market. Even though it is still first-generation consumer technology, it is expected to explode over the next couple of years.

VR offers an unparalleled opportunity to bring gaming experiences to people in the home. Imagine being able to walk through your favourite casino or bingo hall at home rather than traveling to a distant city. Now imagine being able to play there as well, for cash. It's an exciting thought for both gamblers and for gaming operators.

Current online gaming apps, even those not played for money, have limitations that VR can overcome. There's no sense of reality or connection with the people you're playing with. The interface is limited. Yet there are already some early adopters of VR gambling. Slots Million was the first operator to jump into the VR gaming space. Players can enter a virtual slots room and play one of several games. Interaction between players is limited and there are privacy protections. According to the founder, Alexandre Tomic, VR is the step that will bring together social gaming and money gaming together like it does in a

real casino. "The dream is that you could walk into what is effectively a VR gambling supermarket, where you can take part in slots, table games, sports betting and e-sports."

CASINO VR

There is one virtual poker casino now that is catching notice, even if it's untraditional. Casino VR simulates a poker room, you can find it on the Oculus store for the Rift and for Gear VR. Players get a few chips to start and can buy more through in-app purchases. There's no way to cash out, which is why it's allowed, but if you want to see the state-of-the-art in online casinos, it's worth checking out. You can see a video of a poker play at Casino VR on YouTube.

It may be primitive now and this sort of social gaming may not appeal to traditional gamblers, yet it does appeal to gamers who seek the thrill of gambling with little expense. The current marketplaces for VR games don't allow gaming applications. Slots Million allows cash outs but you'd have to search for the app.

There is one path that could break open this market: Virtual bingo halls. Many states that have restrictions on gaming have lower restrictions on bingo due to its history as a fundraising game. But beyond that, bingo is a social game that's ripe for someone to come in and create a killer VR app.

ONLINE BINGO TODAY

Online bingo halls like BingoMania push the social aspect of their gaming rooms. Players are able to chat with each other all over the world while the game is in progress. In fact, many players just let the bingo software play the game in the background while they converse. There are also social proof markers such as point systems and rankings to show which players are dedicated and which are dilettantes. You can see these

same sorts of systems in popular non-monetary social games.

But there are several elements that prevent online gaming from becoming as real as walking into your local bingo hall. First, you can't see or talk with the other players like you would with a real person. Second, there's no interaction with a caller. The caller is not just responsible for pulling numbers out and running the game. They are also an entertainer. Bingo slang and audience banter keep players playing. There's no sense of gaming space either. No lucky seats. No watching others perform lucky rituals. No audience noise from players dabbing with paint pens across their cards.

VR bingo could do more than just replicate the traditional bingo hall. Let me put a scenario in your mind. Imagine seeing large bingo balls floating in front of your eyes and you're holding a paintball gun. Wouldn't it be fun to have to "shoot" the numbers in a bingo game as they're called? Or shoot another player to temporarily blind them? VR could make such a game possible.

Honestly, it's surprising that no one has built an early bingo hall like Casino VR or Slots Millions yet. Perhaps it's because bingo is seen as an older person's game, a demographic not likely to dive into the latest set of VR goggles. Yet bingo is popular overseas, and especially in Britain. There could be some enterprising Brit making a virtual bingo hall right now.

VR is an exciting evolution in gaming and gambling. Soon enough, we may all be wearing goggles and walking through the Venetian on the way to the baccarat table.

Nick Jakubowski is working with BingoMania as a communications and customer satisfaction officer. He has over five years experience in gambling and communications

OUT NOW: Look out for the November issue of *Gambling Insider*, which is out now. We ask many of the most influential leaders in gaming to tell us the trends, technologies, innovations and regulations that will have the biggest impact on the gaming industry in 2017

