



Annual Report & Accounts 2014



888 is one of the **world's** most popular online gaming **entertainment** and solutions providers.

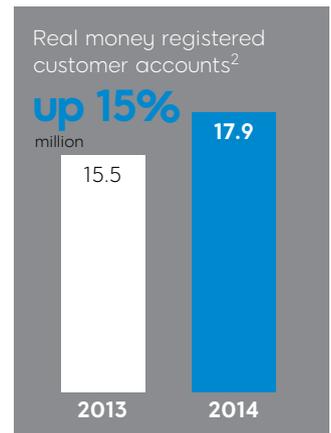
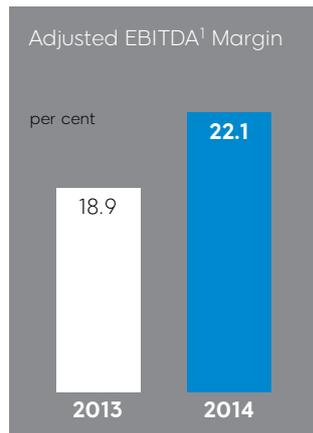
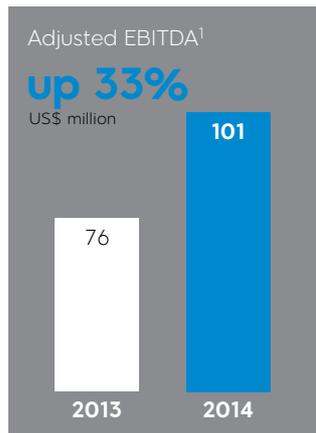
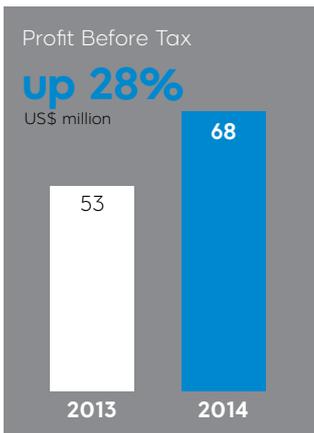
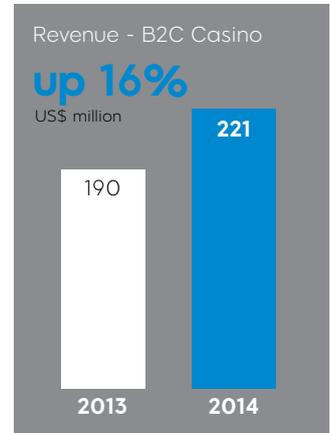
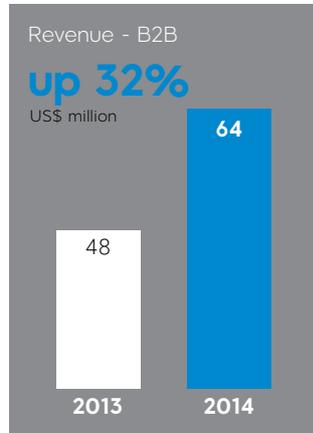
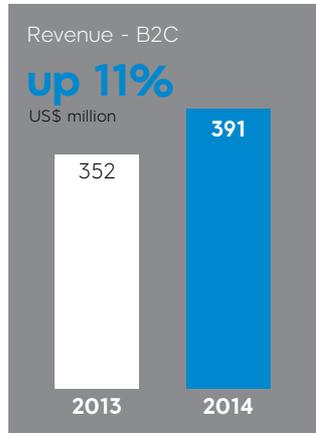
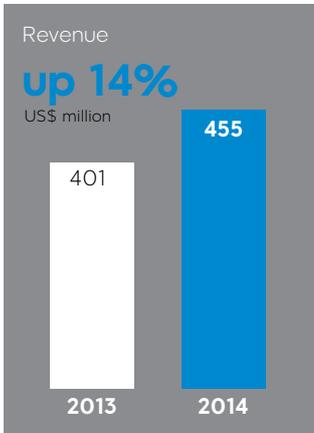
888's strong and trusted brand offers localised online gaming products with market leading functionality and interactivity to players around the globe, above all in a safe and secure environment.

888 has been at the forefront of the online gaming industry for more than 16 years. With a team of almost 1,800 highly skilled and dedicated employees and outsourced staff, we provide a first-class online gaming experience to customers across products and markets. Our industry-leading business analytics identify the best way to deliver to customers the offerings that they want, and our proprietary technology platform allows 888 to enter new markets efficiently and successfully as regulation allows.

888 is a responsible business and we work hard to ensure that our customers enjoy our games in the safest and securest possible environment. Innovation is at the core of our business and we continue to develop to ensure that our product offer and customer service continually exceeds expectations. This will enable us to further grow the business and deliver value for our shareholders.



Highlights



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¹As defined in table set out on page 10

²Casino, Poker and Sport

Chairman's Statement



Richard Kilsby
Chairman

2014 was another record year for 888, building on the strategic development of the Group in 2013. This success has been driven by an outstanding Casino performance, but was also underpinned by notably strong growth both in Sport and in our B2B business as well as impressive market outperformance in Poker and in Bingo.

Mobile is having a transformational impact on our business. We continued to innovate with a 'mobile first' approach embedded in all product development whilst our best-in-class technology and analytical capabilities facilitated ever more effective targeting of our marketing investment.

Growth in the global online gambling industry is set to continue in 2015, despite challenging Poker market dynamics and a competitive UK Bingo market. New

markets are becoming regulated, presenting opportunities across the globe. In the US, we are uniquely positioned to exploit the progressive regulation of the market as the only operator active in all three regulated states. Whilst to date market momentum in the US has been slower than many anticipated, the long-term opportunities remain significant and we will be a major player as more states regulate online gaming over time. Our approach gives us the financial firepower to take

advantage of these significant opportunities whilst ensuring that our investment in the US is disciplined as the market is established.

We monitor the regulatory environment in the UK and Europe closely as countries adapt their approaches. Our significant regulatory experience and operational scale means that we are able to manage the impact of these changes better than most and to take advantage of opportunities that these changes open up, particularly in enabling larger players like 888 to increase market share.



Financial results and Dividend

2014 has seen another year of record performance driven by growth across our core products and delivering on our financial forecasts enabling us to increase revenue to US\$455 million, representing a 14% uplift from the prior year (2013: US\$401 million). We continue to strengthen our market position through investment in product development and cost effective customer acquisition, while increasing our adjusted EBITDA by 33% to US\$101 million (2013: US\$76 million) and profit after tax by 14% to US\$57 million (2013: US\$50 million).



As at 31 December 2014, 888 had US\$163 million cash and cash equivalents (2013: US\$116 million) and US\$67 million liabilities to customers (2013: US\$55 million).

Given the continuing strong financial performance of the Group, the Board is recommending a final dividend of 4.5¢ per share (which together with the interim dividend equals 8.0¢ per share in accordance with the Group's dividend policy) and an additional one-off 7.0¢ per share, bringing the total for the year to 15.0¢ per share (2013: 14.0¢ per share).

Board changes

I would like to take this opportunity to highlight some changes to our Board, some of which have been previously announced, and all of which have been carefully planned and implemented in order to support the Company's further growth and development.

Late last year, Ron McMillan joined the Board and was

appointed Chair of the Audit Committee. With a wealth of experience on boards and audit committees, and a long and respected 'Big 4' career behind him, we can already see the great value that Ron is bringing to 888.

From the conclusion of the 2015 Annual General Meeting, I will be stepping down as Chairman of the Board due to my retirement. It is with a heavy heart that I conclude my nine-year tenure as Chairman. However I am consoled by the knowledge that I am leaving the Company at the top of its game and only getting stronger.

At the same time as my retirement, Brian Mattingley will be stepping down as Chief Executive Officer, and appointed Executive Chairman. We are very excited at this move, which will allow the Company to continue to take advantage of Brian's wealth of experience, particularly in maintaining and developing relationships

with regulators. In Brian Mattingley, shareholders have an Executive Chairman with huge experience of the gaming industry and extensive knowledge of our business.

With Brian as Executive Chairman, we feel confident that we have an industry-leading senior team to continue 888's growth and development in the years to come.

Finally, John Anderson will be stepping down as a Non-executive Director from the conclusion of the 2015 Annual General Meeting. John is a valuable resource of knowledge and experience in the industry, and will remain available to consult with and assist the Board as needed. I would like to take this opportunity to thank John for his dedication and service to 888, as its CEO until 2006, and as a Non-executive Director thereafter.

On a personal note, I would like to thank our shareholders for the trust and confidence which they have placed in the Board and in my leadership as Chairman.

Winning team

The success enjoyed by the company in the last 12-months is, once again, testament to the hard-work and quality of the 888 team. Globally, our 1,800 staff are setting the standard of innovation in online gaming and are the Group's greatest

asset. Their passion will ensure that 888 continues to be at the fore of the online gaming industry for years to come. On behalf of the board I would like to thank all my colleagues for their commitment to making the 888 strategy come to life.

Outlook

888's success has been built on its world class technology and market leading products. The global online gaming market will continue to develop driven by regulation and with mobile, in particular, making our products more accessible and enjoyable than ever.

Although we do face regulatory headwinds in some of our markets, including the Point of Consumption Tax in the UK, I am confident that we are strongly placed to take advantage of opportunities that they also open up to larger, well-financed market leaders such as 888.

Our focus will continue to be on delivering a truly satisfying experience for our customers and delivering strong, sustainable long term earnings growth for our shareholders.

Richard Kilsby
Chairman



Chief Executive's Review



Brian Mattingley
Chief Executive Officer

I am delighted to report that 2014 was another exceptional year for 888 as the Group delivered all-time-high revenues, further enhanced profitability and maintained strong cash generation.

2014 Overview Another record-breaking year

This excellent financial result reflects the fundamental strengths of our business and the continued execution of our focused strategy. Innovation and technology leadership are at 888's core and we have continued to enhance our offering to ensure that our customers always play the most enjoyable games in the safest possible environment. Underpinning this focus are our technology platform and analytical capabilities which together deliver industry-leading marketing strategies that enable the Group to attract more players to the 888 brand and increase customer lifetime value. This was evidenced by the number of active players in Casino and Poker increasing as at Q4 2014 by seven and eight per cent, respectively, against the prior year.

888's Casino offering has again been a key driver behind the Group's success, delivering consistent stand-out growth reflecting the quality of our product as well as our unrivalled heritage in this vertical. In Poker, I am delighted that we maintained our position at number two in the PokerScout* global rankings at the year end and

were able to deliver stable revenue in a market which many other operators have found challenging. In Bingo, we continued to benefit from the strategic decision we took during 2013 to restructure the division as we performed well in what remained a competitive and mature market. The performance of 888Sport was undoubtedly a major highlight in 2014 as revenue increased in this important vertical by 115% against the prior year reflecting the standard of our offer since re-launching the product in May 2013. Underpinning our growth across verticals has been our

leading mobile proposition as more and more customers choose to play on touch devices, benefitting from the unrivalled accessibility and usability they provide. We were also pleased with the revenue growth delivered by Dragonfish, our leading B2B offer, which was driven by our US operations as well as further progress on our Bingo business.

The excellent overall progress we made in 2014 is testament to our highly skilled and dedicated team and, as ever, I would like to thank everyone at 888 for their hard work during the year. As described

in the Chairman's statement and as previously announced, 2014 was my final full year as CEO of 888. I look back on my three years as CEO with pride as the business has delivered transformational growth in its core markets and entered new regulated markets in Spain, Italy and the US which provide a strong platform for future development. 888 boasts one of the most dynamic and talented teams in the industry and I look forward to continuing to provide guidance and support to the rest of the executive team as 888 continues to develop in the years to come.



* As at 17 March 2015.

Our business model and strategy

888 is one of the world's most popular online gaming and entertainment solutions providers. Under our trusted brands, we have been at the forefront of the online gaming industry for more than 16 years by providing customers with market-leading products that are localised to enable players to enjoy the games they want, in the languages they speak, in a safe and secure environment.

The Group is structured into two lines of business: B2C, under the 888 brand, and B2B, conducted through Dragonfish. This structure allows the Group to leverage its core technological, product, marketing and analytical strengths and maximise their benefits across both B2C and B2B routes to market. This approach enables 888 to compete successfully and surpass competition in both established and newer markets.

With increasing international regulation in our industry and the evolution of more technologies, we continue to see clear growth opportunities in our global markets. We remain well placed to deliver long term growth across our business and value for our shareholders. Our stated strategy to achieve this comprises five key pillars:

Growth and development of our core products

888 is focused on the growth and development of its core product groups which are Casino, Poker, Bingo and Sport, where we work with a partner. These products are delivered through our B2C and B2B lines of business.

"Best in class" B2C offer

888's B2C offering remains at the core of the Group and is the foundation for the success of the business. We continue to innovate, invest in and develop our offer to ensure that we deliver an unrivalled customer experience through best-in-class products, excellence in customer service delivering a real value-for-money proposition for our customers. These core principles of our B2C offer, in combination with our advanced modelling and analytics competencies that underpin our product development and CRM functions, helps us to increase customer numbers and acquire customers at lower cost; further strengthen brand loyalty; and enhance customer lifetime value.

Partner of choice through Dragonfish (B2B)

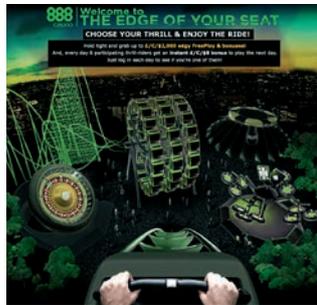
Dragonfish is 888's B2B arm which offers clients industry leading Total Gaming Services solutions that are tested vigorously to meet the regulatory requirements of the different jurisdictions where they are involved. The quality of our offering, driven by our continuous investment in developing leading gaming platforms, means that we continue to establishing ourselves as the partner of choice in both regulated and newly regulating markets.

Driving margin growth through operational efficiencies

Management remains steadfastly focused on improving the Group's margins by maximising operational efficiencies, including by constantly developing our marketing approach and driving increased volumes.



Chief Executive's Review



Expansion in regulated markets

We are focused on developing our presence in locally regulated markets. A key advantage of having our own technology, product development, marketing, analytics and CRM teams working closely together is that it allows us to control the key drivers for our success. This ensures that we have the agility and skills to successfully and efficiently launch in newly regulated markets.

Operational Review: Delivering our Strategy

Technology leadership and innovation

Technology leadership and continuous innovation are central to 888's progress. Our proprietary platform underpinned by industry-leading back office systems and unique online marketing experience, developed over more than 16 years at the fore of the industry, provide the bedrock of our competitive advantage.

This technical edge and our strong analytical capabilities drive the success of our products from initial development through to marketing and customer service. We continue to enhance our comprehensive analytical tools allowing our marketing spend to be increasingly effective.

Touch devices represent the future of our industry and 888 was quick to acknowledge the major shift in customer preferences towards mobile platforms. We previously fully embedded a mobile product offering across all of our verticals and our strategic decision to develop our own mobile games and solution, thereby giving the Group full control over innovation and developing our offer ahead of our competition, has been vindicated as revenue from mobile devices grew impressively during the year. Furthermore, our internal culture has developed so that product development is first and foremost focused on developing mobile games

and solutions. We continue to invest in and develop our front-end mobile products which, in combination with our proven back office capabilities, mean that we are confident of delivering sustainable growth from mobile supported by new and innovative marketing strategies devised specifically for mobile players.

Excellent momentum in B2C

888's B2C offer comprises core products in Casino, Poker and Bingo as well as an emerging offering in Sport. Our strong brands offer more than a dozen localised offerings to players in more than 100 countries. B2C revenue during the year was US\$391 million, an 11% increase on the prior year (2013: US\$352 million), representing 86% of total Group revenue (2013: 88%).

Casino

Casino enjoyed another exceptional year delivering double digit revenue growth in each quarter of 2014 against the prior year, resulting in a total revenue increase of 16% to US\$221 million (2013: US\$190 million). This reflects exceptionally strong performances in our core market in the UK, where we retained a market leading position, as well as in Spain where the 888 brand continues to gain traction.

888's outperformance in this vertical is underpinned by our continuous innovation. We have consistently refreshed our games portfolio and developed premium content courtesy of our in-house Games Studio. Furthermore, our ability to continually develop our own mobile Casino product remains a key growth driver.

We added 49 new PC games and 34 new mobile games during the course of the year

to ensure we remain at the fore of the online gaming experience. In combination with effective and innovative marketing campaigns, this has helped the Group to attract new customers to the 888Casino brand, with a 7% year on year increase in active Casino customers as at Q4 2014.

Poker

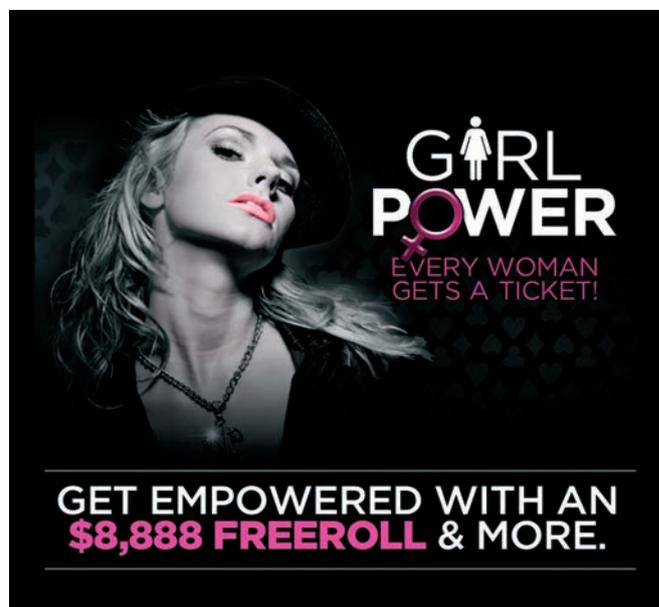
Poker delivered a very resilient performance in 2014, bucking negative trends witnessed across the industry by recording stable revenue of US\$94 million (2013: US\$94 million) and maintaining 888Poker's position at number two in the global liquidity rankings according to PokerScout. This pleasing performance demonstrates 888Poker's competitive edge which results from our consistent and unwavering focus on providing recreational players with a safe and enjoyable poker ecosystem as well as the strength of our player proposition. Together these enable 888 to perform well even in a challenging industry environment.

Furthermore, our trusted Poker brand continues to provide significant cross-sell opportunities for 888 as we drive customers towards our other products, notably Casino.

Mobile continued to grow in popularity, particularly suiting the playing habits of our target customer base, and we continue to develop and innovate our offer on this platform.

Bingo

Bingo delivered 7% year on year revenue growth to US\$47 million (2013: US\$44 million). This represents an impressive result in what continues to be a mature and competitive market and 888's



performance vindicates the strategic decision taken in 2013 to restructure our Bingo division. We are now able to apply the Group's core competencies in analytics, CRM and content creation to the Bingo product.

2015 is likely to be a challenging year in Bingo as Point of Consumption Tax impacts the highly competitive and fragmented UK market, however we approach this environment with good momentum.

Emerging Offering

Revenue from our Emerging Offering was US\$30 million (2013: US\$24 million) reflecting the tremendous growth delivered by Sport.

2014 was a transformational year for 888Sport recording a spectacular 115% increase in revenue. This reflected excellent performances during major sporting events over the year, most notably including the FIFA World Cup in June and July. The World Cup saw a significant amount of promotional and marketing activity across the industry, providing a stern test for the

strength of our revamped product and the appeal of the 888Sport brand, and I am delighted that we delivered such a positive result.

At the time of the re-launch of 888Sport in May 2013 we set ourselves very testing and ambitious growth targets in this vertical that our team has achieved. There remains a significant growth opportunity in this major e-gaming vertical and further developing Sport will be a major driver of the Group's overall strategy in the coming years as significant customer acquisition and revenue opportunities remain available for 888.

Significant growth in B2B

Dragonfish, the Group's B2B line of business, delivered a strong 32% increase in revenue to US\$64 million (2013: US\$48 million), accounting for 14% of total Group revenue. This increase was driven by a first full year of contributions from our nascent US operations as well as growth in our pre-existing leading B2B platform and offer.



We further developed our leading B2B bingo platform, adding 13 new skins to the Dragonfish Bingo network during the year and extending key strategic deals, including a four year extension with Cashcade Ltd. announced in May.

Success in regulated markets UK & Europe

We continued to drive growth in the UK market, which accounted for 44% of Group revenue. 2014 saw a significant development in the UK as the entire online industry was subjected to licencing and taxation, and we have adapted our strategy to accommodate this change in our major market. As well



as remaining highly focused on further developing our leading customer proposition, a significant focus during the year was placed on ensuring the Group was fully prepared in advance of the introduction of Point of Consumption Tax, which came into effect in December. This included developing strategies to mitigate some of the financial impact of the tax for 888

Chief Executive's Review



whilst continuing to ensure that our customers enjoy the most enjoyable gaming experience and exceptional value. Nevertheless our profit margins in this market are set to contract in the medium term.

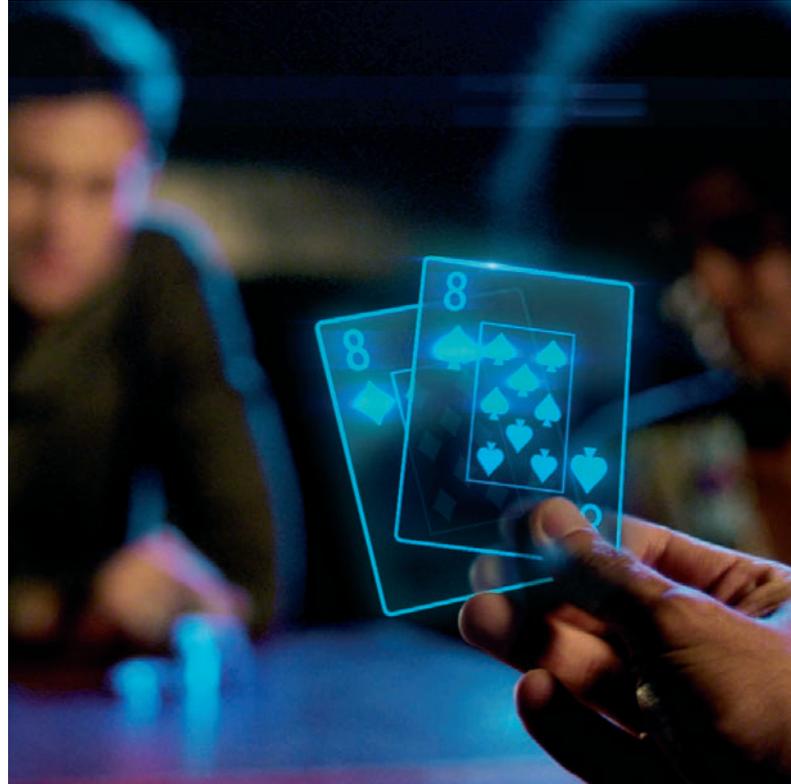
As a result of our meticulous preparation, operational momentum, scale and leading brand, we are well placed to further develop in the UK market and take advantage of opportunities that arise as a result of the changing industry landscape.



In Spain we built on our leading position in Casino and, early in the second half of the year, made the important introduction of 888sport.es to the Spanish market. Spain is primarily a sport driven market and our strong results in Spain prior to the introduction of 888sport.es were a significant achievement. Now with a full suite of Casino, Poker and Sport products across both desktop and mobile platforms we are in a strong position to further build our market share as the 888 brand continues to gain traction.



Whilst the Italian market continues to be volatile, we have seen positive and encouraging trends for 888.it since introducing our mobile offering in the final quarter of the year. We continue to focus on developing our Casino product in this market and will evaluate opportunities for further products over time.



US

In the US we built on our achievements in 2013 when we launched successfully in all three regulated states - Nevada, Delaware and New Jersey. In our first full year of trading we have developed unrivalled know-how and experience of the US market as well as further developing the key relationships and networks to reinforce our position to be a major player in the US market as state by state regulation occurs.

Trading in New Jersey, the largest of the three regulated states, has been slower than was forecast by many as a result of industry-wide technical issues around geo-location and ePayments, as well as the continued operation of unregulated sites and a general lack of public awareness in the market of legalised online gaming. A study we conducted in the summer informed us

that a significant portion of our target New Jersey market remained unaware of legalised online gaming, and these findings along with our experience of this market are helping to shape and refine our marketing approach moving forward. Despite the overall slower market environment, our market share performance is solid with more than 50% of the Poker market accounted for by the 888 platform which is used by the All American Poker Network ("AAPN") and other operators.

In February, the states of Delaware and Nevada signed an interstate compact whereby poker liquidity can be pooled, meaning that 888, as the only operator in both states, is in a unique position to gain from increased liquidity. We deployed a shared poker network across both states in early 2015, creating a competitive edge

for 888 as well as for our operating partners. Our ability and unique experience of delivering interstate liquidity is another advantage for 888 as and when smaller states introduce regulation over time.

The opportunities in the US remain potentially vast and we remain committed for the long term. Our approach gives 888 the flexibility and resources to launch in more states as and when they regulate and coupled with our unique market experience we continue to have a significant technical and regulatory competitive edge.

Customer protection

888's leading payment processing capabilities support a wide variety of languages and currencies with almost 50 payment methods. It is vital that we are able to offer fast, efficient and easy to use payment processing, both to ensure a positive customer experience



but also to maximise revenue and convert browsers into players. However, we take our duty as a responsible operator very seriously and take comprehensive steps to minimise fraud, problem gaming and eliminate minors from using our services.

2015 outlook

In 2015 the UK market will undoubtedly be impacted by the new Point of Consumption Tax that was introduced in December 2014. In the early stages of the new regime, there has been minimal impact on competitor activity and marketing; however, we continue to expect smaller operators to be marginalised as a result of the duty which may present opportunities to industry leaders such as 888.

The Group continues to monitor regulatory changes developments and opportunities across Europe and the US. We remain in close dialogue with regulators and Governments where we operate, allowing 888 to plan ahead and leverage our experience and agility in preparing for significant regulatory changes.

Regulatory developments will continue to have a profound impact on the Group. The growing trend towards "place-of-consumption based" regulatory regimes means a growing number of licencing, compliance and tax burdens for the Group. In addition to the UK, we expect similar changes in other European markets (such as The Netherlands and Romania) in 2015.



We are closely watching the ongoing debates around the US regarding the regulation of online gaming. Of particular interest is the ongoing debate in Washington DC, fuelled by the opponents of internet gaming, over a federal ban on online gaming. We hope that the voices of reason and progress will prevail in that debate and that 888 will continue to play a leading role in the emergence of internet gaming around the US.

As always, we remain firm believers in the importance of well-crafted regulatory frameworks as a vehicle for creating long-term value in our industry, and we continue to support efforts in this direction worldwide. Our significant experience of successfully entering regulated markets means that we continue to be well positioned to capitalise on positive regulatory developments.

The fundamental growth drivers of the online gaming industry remain robust, driven by continuing regulation and the increasing adoption of user-friendly mobile technology that provides players with an unrivalled experience wherever and whenever they choose to play. 888 remains well positioned in the market underpinned by our operational scale, strong brand and exceptional team.

Brian Mattingley
Chief Executive Officer
24 March 2015

Financial Review and Key Performance Indicators



As a result of the strong revenue increase coupled with strict cost control, a record Adjusted EBITDA of US\$101 million (2013: US\$76 million) was achieved. Adjusted EBITDA margin increased to a healthy 22.1% (2013: 18.9%).

Avid Kobrine

Chief Financial Officer

Financial Summary

	2014 ¹ US\$ million	2013 ¹ US\$ million	Change
Revenue			
B2C			
Casino	220.6	190.4	16%
Poker	93.7	93.6	0%
Bingo	46.6	43.7	7%
Emerging Offering	29.9	24.5	22%
Total B2C	390.8	352.2	11%
B2B	63.9	48.3	32%
Revenue	454.7	400.5	14%
Operating expenses ^{2,3}	130.3	114.1	14%
Gaming taxes and duties	15.8	13.7	16%
Research and Development expenses	40.7	30.7	32%
Selling and Marketing expenses	133.8	139.9	(4%)
Administrative expenses ⁴	33.4	26.5	26%
Adjusted EBITDA^{3,4}	100.7	75.6	33%
Depreciation, Amortisation and Impairment charges	19.0	13.9	
Share benefit charges, finance and other	6.1	4.4	
Share of Joint Venture loss	7.7	4.1	
Profit before tax	67.9	53.2	28%
Adjusted Earnings Per Share⁵	19.2¢	16.6¢	16%
Basic Earnings Per Share	16.1¢	14.2¢	13%

Reconciliation of Operating Profit to Adjusted EBITDA

	2014 ¹ US\$ million	2013 ¹ US\$ million
Operating profit	80.0	56.2
Depreciation	9.0	8.3
Amortisation and Impairment charges	10.0	5.6
Share benefit charges	1.7	5.5
Adjusted EBITDA	100.7	75.6

1. Totals may not sum due to rounding.
2. Excluding depreciation of US\$9.0 million (2013: US\$8.3 million) and amortization of US\$8.3 million (2013: US\$5.6 million).
3. Excluding impairment charges of US\$1.7 million (2013: nil).
4. Excluding share benefit charges of US\$1.7 million (2013: US\$5.5 million).
5. As defined in note 8 to the financial statements.



Overview

888's success is built on its technological strength in combination with the efficient utilisation of this technology, directed by extensive data analytics. The goals of 888's industry-leading business analytics are simple: to maximise customer recruitment, increase customer lifetime value and minimise the cost per customer acquisition, thereby optimising return on marketing investment. The continued growth in Group revenues to record levels reflects 888's continued success in attracting new customers, retaining them and increasing their overall spend.

Following a record performance in 2013 in which the Company delivered a revenue increase of 7%, 888 outperformed in 2014 with another record-breaking year, recording an outstanding 14% increase in revenues to US\$455 million (2013: US\$401 million). Growth was driven primarily by the B2C line of business, with an 11% revenue increase. This was led by an outstanding performance from Casino which recorded a revenue increase of 16%, reflecting 888's leading product, back office technology and rich offering across platforms. Bingo revenue increased 7% and Emerging offering increased 22%, led by impressive growth in Sport leveraging the Group's new integrated Sport platform capabilities introduced in May 2013. Poker maintained its leading performance with stable revenues of US\$94 million, bucking negative industry trends and consolidating the Group's number two position in global liquidity rankings, as reported by Pokerscout.

888's B2B business (Dragonfish) delivered an outstanding increase in revenue of 32% driven by 888's US business as well as expanding activity with the Company's Bingo partners.

Adjusted EBITDA increased 33% to US\$101 million (2013: US\$76 million) and Adjusted EBITDA margin increased to 22.1% (2013: 18.9%). This is a remarkable achievement given that Research and Development expenses increased by US\$10 million over the year and additional gaming duties charges were incurred as a result of the introduction of Point of Consumption Tax in the UK, which came into effect from the beginning of December.

Profit before tax increased 28% to US\$68 million (2013: US\$53 million) and Adjusted Earnings per Share increased 16% to 19.2¢ (2013: 16.6¢).

888's record performance in 2014 resulted in strong and continually growing operational cash generation of US\$112 million (2013: US\$90 million). The Group's financial position remains strong with cash and cash equivalents at the year-end of US\$163 million (2013: US\$116 million).

Product segmentation

888's revenue by product segment is set out in the table below.

Revenue by product segment:

	2014 US\$ million	2013 US\$ million	Change
Revenue			
B2C			
Casino	220.6	190.4	16%
Poker	93.7	93.6	0%
Bingo	46.6	43.7	7%
Emerging Offering	29.9	24.5	22%
Total B2C	390.8	352.2	11%
B2B	63.9	48.3	32%
Revenue	454.7	400.5	14%

	Q4 2014	Q4 2013	Change
Number of active customers B2C			
Casino and Poker	633,000	602,000	5%

	2014	2013	Change
Casino, Poker and Sport real money registered customer accounts (million)	17.9	15.5	15%

Financial Review and Key Performance Indicators

888Casino continued its strong growth, with record revenues of US\$221 million and a 7% increase in active players during Q4 compared to the prior year, reflecting leading CRM and back office technology accompanied by effective marketing as well as expansion of the mobile offering.

888Poker outperformed industry trends and maintained stable revenue at US\$94 million in a mature market, supported by an 8% increase in active players during Q4 compared to the prior year reflecting improvements made to the Group's Poker product. This resulted in impressive stability at number two in the global poker rankings, as reported by PokerScout.

Bingo B2C revenues increased by 7%, despite a highly competitive and mature market in the UK, continuing the recovery in Bingo following the strategic review the Group performed at the end of 2013.

Emerging Offerings delivered an impressive increase in revenue of 22%. This was driven by growth from the 888Sport brand, resulting from 888's strategic agreement with Kambi Sports Solutions in 2013 which allowed the Group to offer its players a broader range of products and an enhanced gaming experience on both online channels and mobile platforms. The successful launch of Sport in Spain played an important role in the continuous success of the Emerging Offerings segment.

888's B2B line of business achieved a record performance with revenue rising by 32% to US\$64 million (2013: US\$48 million) driven by the US business as well as expanding activity with various Bingo partners.

Geographical segmentation

888's turnover by geographical market is set out in the table below.

Revenue by geographical market:

	2014		
	Revenue US\$ million	Growth on prior year	% from Total Revenue
UK	201.6	23%	44%
Europe (excluding UK)	170.1	5%	38%
Americas	55.2	19%	12%
Rest of World	27.8	(5%)	6%
Total Revenue	454.7	14%	100%

Growth was achieved in most geographical segments with UK revenue up 23% driven by continued success of the Group's Casino offering on mobile which delivered a significant increase in new players. The performance of Bingo in the UK was improved against the prior year as a result of the division's recent restructuring. Europe (excluding UK) revenue increased 5% in part as a result of the successful launch of the Group's new Sport offering in Spain.

Americas revenue increased 19%, driven by a full year of contributions from the US B2B business.

Revenue from the Rest of the World, which was not a focus region for 888 in 2014, declined by 5%.

Expenses

Selling and Marketing expenses were lower during 2014 as a result of further optimisation efforts and strict return on investment criteria in B2C. On the other hand, higher costs were incurred in Research and Development and in Sport as a result of higher commissions and royalties related to higher business volume. A one-off special cash bonus was awarded to eligible employees in recognition of their efforts and dedication to the year's record performance and increased corporate tax attributed to the record-breaking set of results.

Operating expenses

Operating expenses*, which mainly comprise employee related costs, commission and royalties payable to third parties, chargebacks, payment service providers' ("PSP") commissions and costs related to operational risk management services, totalled US\$130million (2013: US\$114 million). This represented a stable proportion of revenues at 28.7% (2013: 28.5%) as a result of continued operating efficiencies and strict cost control despite higher costs associated with Sport content required to support the Group's enhanced Sport performance.

Staff costs as a percentage of revenues was maintained at 13%, a consistent ratio with 2013 and 2012.

The Group's chargebacks ratio continued its trend of gradual decrease between 2011 and 2014, representing 0.6% of revenue during the year. On-going improvements to the Group's Risk Management and Fraud detection mechanisms to enhance monitoring systems, alert processes and reporting including the continued use of 3D Secure verification systems, all resulted in an optimized balance between maintaining revenues and increased deposits inflow whilst reducing transactions with high risk profiles.

The PSP commission ratio decreased to 5.0% (2013: 5.5%) reflecting the Group's stronger commercial terms coupled with higher deposit volumes.

Gaming taxes and duties

Gaming taxes and duties levied in regulated markets reached US\$16 million (2013: US\$14 million). Commencing from December 2014, Point of Consumption Tax in the UK was introduced and resulted in additional charges.

Research and Development expenses

The Research and Development expenses to revenue ratio increased slightly to 9% (2013: 8%). This year's expense of US\$41 million (2013: US\$31 million) is mainly attributed to the Group's investment in maintaining its leading position in the market which was achieved by investments in its highly skilled development teams, continued development of the US platform and a one-off bonus as described above. Additionally, significant efforts were invested towards the launch of licenced regulated gaming in the UK on 1 November 2014.

* As defined in the table set out on page 10



Research and Development expenses do not include capitalised in-house development costs which totalled US\$6.7 million (2013: US\$10.2 million). The decrease is attributed mainly to the US regulated market as the majority of the investment took place during the previous year.

Selling and Marketing expenses

Marketing expenses during the year were US\$134 million (2013: US\$140 million) reflecting an optimization process which enabled the Group to focus on effective marketing channels. 888's online media buying channel focused on more profitable campaigns which generate an improved return-to-cost ratio. In search engine marketing channels, the Group optimized campaigns by aiming its efforts on recruiting higher value players. Accordingly, the marketing to revenue ratio significantly decreased to 29% (2013: 35%).

Administrative expenses

Administrative expenses* totalled US\$33 million (2013: US\$27 million) representing 7% of revenue (2013: 7%). The increase over the previous year was mainly attributed to the one-off bonus described above, expenses related to employers' national insurance obligation and to the increased level of professional expenses associated with obtaining the UK gaming licence.

Share Benefit Charges

Equity settled share benefit charges were US\$1.3 million (2013: US\$3.3 million). This year's charges are mainly attributed to long-term incentive equity awards granted to eligible employees.

Cash settled share benefit charges decreased to US\$0.4 million (2013: US\$2.2 million) due to the lower fair value of the long term incentive plan. Further details are given in the director's remuneration report on page 33.

Finance Income and expenses

Finance income less finance expenses resulted in an expense of US\$4.5 million (2013: expense of US\$0.3 million). The majority of this change compared to the previous year is attributable to the fair value of operational hedging instruments.

The Group continually monitors foreign currency risk and takes steps, where practical, to ensure that the net exposure is kept to an acceptable level. This has resulted in an expense of US\$5 million in respect of the ILS/US\$ forward hedge given the strength of the US\$. On the other hand, EUR and GBP forward transactions resulted in income of US\$2 million. An additional expense of US\$2 million is attributable to the valuation of assets and liabilities denominated in currencies other than the Group's functional currency.

Adjusted EBITDA

As a result of the strong revenue increase coupled with strict cost control, a record Adjusted EBITDA of US\$101 million (2013: US\$76 million) was achieved. Adjusted EBITDA margin increased to a healthy 22.1% (2013: 18.9%).

Taxation

The tax charge for 2014 was US\$11.0 million (2013: US\$3.2 million). This was mainly attributed to the increase in the Group's profit as well as to tax expenses associated with the appreciation of financial assets denominated in foreign currencies incurred by the Group's local subsidiary which reports in non US Dollars.

Equity accounted Joint Ventures

In 2013, the Group entered into a joint venture agreement with Avenue Capital. The Group's share of the post-tax loss of this equity accounted joint venture was US\$7.7 million (2013: US\$4.1 million). In accordance with accounting standards, given that this loss reduced the investment to nil during the year, further losses of the US joint venture will not affect the carrying value of the investment on the balance sheet.

Earnings Per Share

Basic earnings per share rose 13% to 16.1¢ (2013: 14.2¢). Adjusted basic earnings per share rose 16% to 19.2¢ (2013: 16.6¢). The Board believes that adjusted basic earnings per share - excluding share benefit charges, movement in contingent consideration, impairment charges and share of joint venture loss - better reflects the underlying business and assists in providing a clearer view of Group performance.

Dividend

Given the strong cash generation during the year the Board of Directors declared an interim dividend of 3.5¢ per share that was paid on 1 October 2014. Taking into account the strong performance the Board is recommending a final dividend of 4.5¢ per share (which together with the interim dividend equals 8.0¢ per share in accordance with the Group's dividend policy) and an additional one-off 7.0¢ per share, bringing the total for the year to 15.0¢ per share (2013: 14.0¢ per share).

Cash Flow

The Group's outstanding performance and operating efficiency led to another record year, generating substantial free cash with net cash generated from operating activities of US\$112 million (2013: US\$90 million). The net increase in cash and cash equivalents in 2014 was US\$48 million (2013: US\$34 million), after cash dividend payments during the year of US\$51 million (2013: US\$33 million).

Balance Sheet

The Group's balance sheet remains strong, with no debt and ample liquid resources. The Group's cash position as at 31 December 2014 was US\$163 million (2013: US\$116 million). Balances owed to customers were US\$67 million (2013: US\$55 million).

* As defined in the table set out on page 10



Regulation and General Regulatory Developments

Gambling has long been a highly regulated industry. As is often the case with technological advancements, online gambling was initially under-regulated, as legal systems struggled to comprehend and address this novel industry. However, recent years have seen many jurisdictions develop regulatory regimes specifically designed to address online gambling. Naturally, every such change has impacted online gambling businesses committed to operating compliantly, such as 888.

No change has impacted 888 more profoundly than the shift of numerous jurisdictions, most notably in the European Union, to regulatory regimes based on place-of-consumption. Large and important markets in Europe have, in recent years, adopted regulatory regimes that require operators wishing to accept players from such markets to obtain a local licence and comply with local regulatory requirements. This change has radically impacted the manner in which online operators conduct their business by imposing business constraints and raising costs. Notwithstanding, the development of robust regulatory regimes has strengthened the industry by providing much needed legal certainty, by segregating compliant reliable operators from the "black market" of illicit operations, by protecting players and improving the public perception of online gambling, and by creating a partnership between the industry and its regulators. All these have generated and will continue to generate significant value for leading operators such as 888, who are deeply committed to operating in a compliant and lawful manner.

The UK's move, in 2014, to a place-of-consumption based regulatory regime, had a dramatic impact on the Group, given the prominence of 888's UK-facing operations. It is fair to assume that the full impact of these changes (for 888 and the industry) will only become evident over the coming months.

The debate over regulation of internet gambling continued in the US in 2014. The emergence of the first inter-state gambling compact (between Nevada and Delaware, two states in which the Group is licenced), was coupled by the ongoing struggle on the federal level between those seeking to regulate internet gaming and those seeking to ban it entirely.

The group continues to closely monitor regulatory developments worldwide and to assess their impact on 888's operations. We continue to support regulation of the industry and to work with our partners in the industry and with our regulators towards shaping a regulatory landscape that is business-friendly while safeguarding the objectives of regulation.

The following paragraphs summarize the main relevant regulatory developments of 2014 and our expectations regarding changes that will impact the Group in 2015.

Europe

As noted, the most dramatic regulatory development of 2014 came in the form of the UK's shift to place-of-consumption based regulation. A change to the 2005 Gambling Act abolished the Group's ability to service players in the UK under 888's Gibraltar licence, and subjected the Group to local licencing and compliance requirements. The Group prepared for these changes well in advance, implementing the changes necessary to accommodate the applicable regulatory requirements, adjusting 888's business model to account for the imposition of gaming duty and interacting with the Gambling Commission and with industry bodies to fully understand and prepare for the regulatory reform. In line with the requirements of the amended Gambling Act, a subsidiary of the Group, 888 UK Limited, applied to the Gambling Commission for a remote operating licence and seamlessly transitioned into trading under a "continuation licence" when the new regime came into force on 1 November 2014. The Group is now in the process of obtaining a gambling software licence, which it will be required to hold as of 31 March 2015.

The European Commission's involvement in the regulation of online gaming was fairly low key in 2014. Following a flurry of activity by the Commission in 2013, 2014 saw only minor activity by the Commission, focusing mostly on peripheral aspects of online gaming. These included anti-money laundering, prevention of fraud and protection of vulnerable players. Also in 2014, the European Commission published non-binding recommendations regarding consumer protection and advertising, both with regard to online gaming. However, these developments, while not unimportant, did little to advance the cause of regulatory harmonization within the European Union's Internal Market. Notwithstanding, infringement cases brought by the Commission against several Member States late in 2013, did seem to encourage regulatory reform in some States, the impacts of which may be seen in 2015. The most notable example of EU action against a Member State was the announcement, in October 2014, regarding the Commission's intention to sue Sweden for infringing EU law due to its non-compliant gaming legislation (nevertheless, any change to Sweden's regulatory regime is not likely to occur under the present government).

Other than the UK, several European jurisdictions implemented regulatory reforms in 2014:

- Spain, where the Group has held a licence since June 2012, introduced online slot machines and exchange betting in 2014. We view this as a tremendous opportunity given the Group's strong performance to date in this market.
- Hungary passed legislation late in 2014 repealing a previous law (which had never been implemented) providing for the licencing of online gaming. The practical impact of this change remains unclear, given that the repealed legislation had never been implemented.
- Romania also passed legislation in the last days of 2014, reforming a previous law (also never implemented) and introducing a more accommodating licencing and regulatory regime for online gambling. Secondary legislation



necessary to commence the licencing process is expected in 2015, and the Group is exploring the viability of obtaining a licence under this new regime.

The regulatory landscape in Germany continued to be mired by uncertainty in 2014. A ruling by the European Court of Justice did little to clarify the validity of the German Inter-State Gambling Treaty and rulings by German courts on this matter were largely inconsistent (varying from state to state). The issuance of 20 federal sports-betting licences was suspended due to legal challenges attacking the preceding tender process, and such challenges are likely to continue well into 2015. It seems unlikely that 2015 will bring about a greater degree of clarity with regard to the German regulatory landscape.

Similarly, little occurred during 2014 to alleviate the uncertainty surrounding the regulation of online gambling in Greece. 888 continues to follow closely developments in this jurisdiction.

Several European jurisdictions are expected to introduce regulatory reform in 2015:

- Ireland is expected to pass legislation reforming online betting in 2015, with a view to implementing such change late in 2015 or in early 2016. Legislative action intended to reform the regulatory landscape relating to online gaming has presently been postponed.
- The Netherlands is expected to reform its regulatory landscape, opening the market for licencing of commercial operators, during 2015. The Dutch Gaming Authority has already sought expressions of interest by operators seeking to be licenced in the Netherlands (should a licencing regime be introduced), and 888 continues to maintain a constructive dialogue with the Dutch authorities as it has in the past. The group continued to conduct its operations in the Netherlands in accordance with interim guidelines issued by the local authorities.
- Both the Czech Republic and Portugal are expected to introduce legislation early in 2015 aimed at liberalising and regulating the online gaming and betting markets. 888 hopes that such reform will contribute to the emergence of a vibrant and commercially viable market in these jurisdictions.

The United States

Commercial internet gaming is now operational in three US states – Nevada, New Jersey and Delaware. 888 remains the only online gaming operator presently authorized to conduct business in each of these jurisdictions and it continues to provide its technology and services to licenced online gaming operators in all three jurisdictions. Having launched operations in all three states in 2013, the last year saw the Group upgrading its offering and working closely with its partners and with its regulators to make internet gaming in these states more attractive and user-friendly. This is an effort that will surely continue during 2015. 888 is proud to have pioneered the online gaming market in the United States and intends to continue playing a leading role in any US jurisdiction that regulates the industry.

During 2014 the states of Nevada and Delaware signed an agreement allowing for inter-state pooling of poker liquidity and for regulatory cooperation between the states. As the only provider of internet gaming technology operating in both jurisdictions, 888 has been working closely with the gaming regulators in both states to implement this important agreement. The group remains hopeful that similar agreements will follow with other US gaming jurisdictions.

Also in 2014 888 received final approval of its internet poker platform from the Nevada Gaming Commission. Later in the year the Group received approval for the operation of an inter-operator poker network, a first of its kind in the United States.

Following a mid-term election in November 2014, the momentum towards regulatory reform throughout the US is likely to recommence in 2015. Several states are considering the introduction of an intra-state licencing regime (these include California, Pennsylvania, Washington, and possibly New York), though it remains uncertain whether such initiatives will gain sufficient traction in 2015. The group remains actively engaged in dialogue with stakeholders in these jurisdictions, with the knowledge that positive developments in these large-scale markets could present tremendous opportunities for 888.

Simultaneously, the opponents of internet gaming continue to exert significant pressure on federal and state lawmakers to ban internet gaming or abandon legislation intended to regulate the industry. The most vocal opponent of internet gaming, Las Vegas Sands' Sheldon Adelson, has invested significant efforts in promoting legislation intended to amend the federal Wire Act and ban internet gaming throughout the United States. Political changes in the US Congress following the 2014 elections could reinvigorate these efforts. Though Congress has thus far withstood the pressure from internet gaming's opponents to undo the positive regulatory renaissance of recent years, the Group continues to work closely with other prominent industry players and with stakeholders on the federal and state level to avert such developments.

Further afield

2014 saw regulatory reform in jurisdictions around the world. For example, the Mexican legislature debated regulatory reform (though no legislative action was taken by year end) and Russia introduced stricter enforcement measures directed against unlicenced online gaming (though their impact on non-Russian operators remained dubious). 888, with the assistance of its legal advisers, continues to monitor regulatory developments the world over, and responds to these changes when and where they impact the Group's business and operations.



Corporate Responsibility

Environmental impact

As an online business, 888's activities have a relatively small impact on the environment. However, we remain committed to ensuring that wherever possible we minimise what little effect we have with the following areas being the key focus points:

- Energy consumption: We continuously monitor our energy consumption to help us ensure we are being as energy efficient as possible.
- Water: We use only ecological detergents in our offices and use water saving devices in most of our locations.
- Travel: To minimise the impact of travel on the environment we encourage employees to either cycle to work and, in certain locations, provide buses for commuters. We also continue to invest in the state-of-the-art technology to help meetings occur remotely.

888 commissioned a study in 2013 to provide quantitative information regarding its environmental impact and to assist it in finding ways to further reduce its environmental impact. The results of the study were published in the 2013 Annual Report. Whilst 888 is committed to complying with UK disclosure requirements and appropriately managing its greenhouse gas emissions, given the Group has low emissions, its environmental footprint has not changed materially since the study was carried out and in light of the costs involved in monitoring and measuring such emissions, the Board has concluded that a review will be carried out once every several years rather than annually. The Board acknowledges its overall responsibility for environmental issues and monitors the Company's environmental performance in light of internal targets.

Global Greenhouse Gas Emissions for period 1 January to 31 December 2013	Total Emissions (tonnes CO ₂ e)
Emissions from combustion of fuel (scope 1)	0
Process or fugitive emissions (scope 1)	0
Emissions from electricity, heat, steam and cooling purchased for own use (scope 2)	5,718
Total emissions	5,718
Intensity measure: Emissions per total revenue	14.3 tCO ₂ e/£m

Although not legally required to do so, as the Company is incorporated in Gibraltar, we have reported on all the emissions sources stipulated under the UK Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. These emissions sources fall within our consolidated financial statements. We do not have responsibility for any emissions sources that are not included in our consolidated financial statements.

We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), data gathered from our own operations, and emissions factors from UK Government's Conversion Factors for Company Reporting 2013, as well as an electricity emission factor for Antigua sourced from UNDP.

The reported emissions come from our offices, data centre and servers owned by us, but co-located at third party data centres.

Our facilities in Gibraltar use chilled water provided by a third party for cooling and no emission factor for the chilled water was available. As a result, we estimated the associated emissions based on the volume of chilled water and an assumed coefficient of performance.

The account of our corporate GHG emissions was prepared by the Carbon Trust in the UK.



Employees

888's success depends on the quality and commitment of its people. We take our responsibilities to our staff around the world very seriously and aim to provide an enjoyable work environment where employees are challenged and motivated to excel, where flair is rewarded, compensation is fair and the balance between work and family is respected.

Some highlights from 2014 include the following:

- It has been the second year of our "Excellence Club", our employee development program which sent a group of employees selected by their divisions for excellence in a number of fields, to an exciting adventure trip in Sri Lanka. We hope to continue this program in years to come with trips to other exotic locations planned. In addition, 888 runs a number of management skills programs for both senior managers and team leaders from all divisions.
- During the year we had team building activities intended to create better connections among team members and managers, including a half fun day for each department, overnight event combining engagement activities and professional lectures, as well as holiday celebrations on all company sites.
- We have continued our annual evaluation process which is based on the principle that giving and getting feedback is key to each employee's growth and development and that regularly evaluating on the job performance helps achieve success and is essential for the well-being of all employees.
- We continued our efforts to extend our recruitment channels, including "refer a friend", social networks and internet channels.
- We believe that employees should share part of the Group's success. This year, due to our great achievements and business success, we granted various performance bonuses to some employees of the Group.

888 takes its employees' health and safety seriously and has written policies in place with regard to occupational health and safety issues in its major offices. The Board will consider setting targets with regard to occupational health and safety issues in order to monitor performance. The Board acknowledges its overall responsibility for human resources issues, including for human resources and labour standards, implementing management structures and systems to monitor and evaluate employee performance and satisfaction, promoting diversity at all levels of the Company and within the Company's supplier base, providing employees with the opportunity to have formal input into matters that affect them, oversee and allocate resources to employee training, and to monitor key health and safety performance goals and indicators. During 2014, there were no material labour disputes, litigation, or health and safety related fines or sanctions imposed on the Group.

Social, community and human rights issues

Our values

At 888 we are fully committed to maintaining a high standard of corporate and social responsibility. This ethos is part of our culture and permeates throughout our business into the everyday business decisions we make on a day-to-day basis.

We also recognise that a responsible approach is not only the correct way to do business but one that enhances our credibility amongst all our stakeholders and thereby supports the development of the Group. The Board acknowledges its overall responsibility for social, community and human rights issues.

Responsible gaming

Our values place the community and the customer at the centre of all our endeavours. We aim to provide responsible adults with the best online gaming entertainment experience. However, we acknowledge that gaming poses a potential danger to a small minority of people. We are constantly revising our innovative procedures to ensure minors are unable to access our gaming sites. We also continuously train all our staff in how to provide a safe gaming experience to our customers. Our training programme incorporates methods and techniques to help our employees recognise and take appropriate actions if they identify compulsive or underage activity. We continue to innovate in this area including the development of our proprietary sophisticated Observer System to help identify and prevent compulsive activity.

Protecting customers

- As a responsible, regulated gaming group we comply with both the GamCare and the eCOGRA guidelines. GamCare is the leading authority on the provision of counselling, advice and practical help in addressing the social impact of gambling in the UK. eCOGRA ensures that approved online casinos are properly and transparently monitored to provide player protection.
- Our site has links to professional help agencies and we have placed many safeguards for those who need help with controlling their gaming.
- E-Break & Support programme: Run in collaboration with specialist well-known charity Gambling Therapy to offer 888 customers a free of charge four-week gambling therapy programme.
- Self-assessment test: For players who are worried about their gaming habits and want to know more about the signs of compulsive gambling.
- Controlling deposit limits: Should clients feel the need to, they can control their play pattern by self limiting the amounts they deposit per day, per week or per month.
- Self exclusion: A player can request to be self excluded for a chosen period, due to different concerns. Based on internal studies we decided to increase time periods available for clients to "cool off". Customers can choose from six different exclusion periods from one day to six months. During this period, 888 blocks the account and no promotional emails are sent to the customer.



Corporate Responsibility

Protecting minors

Underage activity on our sites is strictly prohibited and 888 takes the matter of underage gaming extremely seriously. Our offering is not designed to attract minors. We make every effort to prevent minors from playing on our sites and use sophisticated verification systems as well as a third party verification supplier to identify and track minors if they log into our software. The verification process today consists of two verification systems, both 192.com and URU.

We train our staff to be highly sensitive to the possibility of underage activity and make sure we suspend any account suspected to be an underage account.

888responsible

Since 2007 a dedicated website, www.888responsible.com, has been available, providing information regarding all aspects of responsible gaming. The site is available in English, French, Spanish and German.

Diversity

Diversity is important to us as we believe that only through access to the most diverse pool of talent will we recruit and retain the most talented individuals to serve our customers. We actively seek to recruit and advance women into our top management. A summary of the breakdown of men and women across the Group as of 31 December 2014, is as follows:

	Men		Women	
	Number	Percentage	Number	Percentage
Board of Directors	6	100%	0	0%
Senior Vice Presidents	6	75%	2	25%
Vice Presidents	14	64%	8	36%
All Employees	719	55%	587	45%

The Board acknowledges that the lack of women on the Board is a major challenge for the Company, and that it is the Board's responsibility to address this. In 2014, the Nominations Committee again included in the mandate of Odgers Berndtson, the executive search firm retained to recruit new Non-executive Directors to the Board, a specific request to include female candidates amongst the list of candidates presented for its consideration.

Community

888 is committed to supporting both the various local communities in which it operates and also the broader global community. Our community investment programme includes charitable donations and long-standing community involvement in our key areas across the world. In 2014, 888 supported the International Medical Corps in their efforts to assist people affected by Typhoon Haiyan which struck the Philippines in November 2013.

Human rights

888 ensures that its policies comply with local law, in addition to reflecting the Group's values. These policies set clear standards of behaviour to which all Group personnel are expected to adhere, including as regards social, ethical and environmental matters. In this respect, 888 is guided by the ten principles of the United Nations (UN) Global Compact, which encourages companies to make human rights, labour standards, environmental responsibility and anti-corruption part of their business agenda.



Principal Risks and Uncertainties

The Group operates in a dynamic business environment. In addition to the day-to-day commercial risks faced by most enterprises such as fraud and theft, the online gaming industry faces particular challenges in respect of regulatory risk, reputational risk, information technology risk and taxation risk, each of which is detailed below. The Group considers that the nature of its principal risks has not undergone any significant change during 2014.

Regulatory risk

The regulatory framework of online gaming is dynamic and complex. Change in the regulatory regime in a specific jurisdiction could have a material adverse effect on business volume and financial performance in that jurisdiction. In addition, a number of jurisdictions have regulated online gaming, and in several of those jurisdictions the Group holds licences. However, in some cases, lack of clarity in the regulations, or conflicting legislative and regulatory developments, mean that the Group may risk failing to obtain an appropriate licence, having existing licences adversely affected, or being subject to other regulatory sanctions. Furthermore, legal and other action may be taken by incumbent gaming providers in jurisdictions which are seeking to regulate online gaming, in an attempt to frustrate the grant of online gaming licences to the Group. A detailed regulatory review is set out in the Regulation section above.

The Group manages its regulatory risk by routinely consulting with legal advisers in the jurisdictions where its services are offered or are accessible, where necessary obtaining formal legal opinions from local counsel. Furthermore, the Group obtains frequent and routine updates regarding changes in the law that may be applicable to its operations, working with local counsel to assess the impact of any changes on its operations. The Group constantly adapts and moderates its services to comply with legal and regulatory requirements. Finally, the Group blocks players from certain "blocked jurisdictions" using multiple technological methods as appropriate.

Reputational risk

Underage and problem gaming are inherent risks associated with the online gaming industry. The Group devotes considerable resources to putting in place prevention measures coupled with strict internal procedures designed to prevent underage players from accessing its real money sites. In addition, the Group promotes a safe and responsible gaming environment to its customers supplemented by its corporate culture. The Group has a dedicated Director of Responsible Gaming tasked with the responsibility of implementing such policies. Further details about the Group's responsible gaming initiatives are set out in the Social, Community and Human Rights Issue section above.

Information Technology risks

As a leading online business, the Group's IT systems are critical to its operation. The Group is reliant on the performance of these systems.

Cutting-edge technologies and procedures are implemented throughout the Group's technology operations and designed to protect its networks from malicious attacks and other such risks. These measures include traffic filtering, anti-DDoS (Distributed Denial of Service) devices and Anti-Virus protection from leading vendors. Physical and logical network segmentation is also used to isolate and protect the Group's networks and restrict malicious activities. The IT environment is audited by independent auditors, such as PCI DSS security audit and eCOGRA audit. These audits form part of the Group's approach to ensuring proper IT procedures and a high level of security. In order to ensure systems are protected properly and effectively, external security scans and assessments are carried out in a timely manner. The Group has a disaster recovery site to ensure full recovery in the event of disaster. All critical data is replicated to the disaster recovery site and stored off-site on a daily basis. In the event of loss of functionality of the Group's critical services, the business can be fully recovered through the resources available at the disaster recovery site.

In order to minimise dependence on telecommunication service providers, the Group invests in network infrastructure redundancies whilst regularly reviewing its service providers. The Group has two Internet service providers in Gibraltar in order to minimise reliance on one provider.

As a part of its monitoring system, the Group deploys set user experience tests which measure performance from different locations around the world. Network-related performance issues are addressed by rerouting traffic using different routes or providers. 888 operates a 24/7 Network Operations Centre (NOC). The NOC's role is to conduct real time monitoring of production activities using state-of-the-art systems. These systems are designed to identify and provide alerts regarding problems related to systems, key business indicators and issues surrounding customer usability experience.

The IT environment tracks changes, incidents and SLA KPIs in order to ensure that client experience is consistent and well managed. As part of these procedures, capacity planning takes place and infrastructure is built accordingly. System-wide availability and business-level availability is measured and logged in the IT information systems.

Principal Risks and Uncertainties

Taxation risk

The Group aims to ensure that each legal entity within the Group is a tax resident of the jurisdiction in which it is incorporated and has no taxable presence in any other jurisdiction. In addition, certain jurisdictions impose tax by reference to customers' activity, regardless of whether the Group has a taxable presence in such jurisdiction. In this respect, the Group pays VAT in certain EU countries in which certain of the Group's online gaming offerings are considered electronically supplied services subject to VAT. Furthermore, jurisdictions in which online gaming is regulated impose gaming duties on licenced operators. As of December 2014, the United Kingdom has imposed gaming tax on a point of consumption basis, which on the one hand has lowered margins, but on the other, it is expected to continue the trend toward consolidation in that market. Furthermore, draft legislation has been published in the United Kingdom, intended to come into force on 1 April 2015, giving rise to a Diverted Profits Tax which imposes tax at a rate of 25% on profits which would be attributable to a permanent establishment in the United Kingdom were such a permanent establishment to exist, in circumstances where profits are deemed "diverted" from the UK under the terms of such draft legislation; the Group is considering its position in this respect. The Group actively monitors taxation risk in the relevant jurisdictions and takes such steps as it considers necessary to minimise such risks.

Financial risks and financial instruments

The Group considers its exposure to financial risks, including country risk and exposure to trading counterparties, to be low. The financial risk management objectives and policies of the Company are set out in the notes to the financial statements on page 83. The Company is exposed to foreign exchange fluctuations and is mitigating that risk by adopting policies to hedge its cost base currency exposure as described in note 24 to the financial statements. During 2014, the Group hedged its foreign currency risks solely with leading banks including Barclays plc.

The Company is not materially exposed to price risk, credit risk or liquidity risk. Given that end-users are required to fund their online gaming wallet prior to carrying out any gaming activity, operational cash flow is not a material risk for the Company. In addition, the Group manages its cash in a prudent manner and maintains sufficient liquid resources to meet its anticipated liabilities as and when they come due.

Partnership risks

In line with its strategy, the Group has consolidated its position in the B2B market to be focused on fewer, larger B2B contracts. However, this strategy also gives rise to commercial risks in that the Group is more exposed to non-renewal or termination of existing contracts.

On behalf of the Board:



Brian Mattingley
Chief Executive Officer
24 March, 2015

Board of Directors

Richard Kilsby

Non-executive Chairman

Richard Kilsby has been Chairman since March 2006, having previously been Deputy Chairman of the Group from August 2005. Since 2002, he has held several Board and management positions in various private and venture capital funded companies. In 2004, he acted as independent monitor for the SEC and USA Department of Justice in connection with Adecco. From 1999 to 2002, he was Chief Executive of Trade Point and subsequently Executive Vice-Chairman of virt-x plc. From 1995 to 1998, he was an Executive Director of the London Stock Exchange, prior to which he was a Managing Director for Bankers Trust from 1992 to 1995. He was also Vice-Chairman of Charterhouse Bank from 1988 to 1992, and spent the early part of his career with Price Waterhouse (now PwC) where he was a partner from 1984 to 1988. From the end of the 2015 AGM, Richard will be retiring as Chairman of the Board. Age 63.

Brian Mattingley

Chief Executive Officer

Brian Mattingley has been Chief Executive Officer since March 2012, having previously been Deputy Chairman of the Group and Senior Independent Non-executive Director since March 2006. He joined the Board in August 2005. He was previously Chief Executive of Gala Regional Developments Limited until 2005. From 1997 to 2003 he was Group Finance and Strategy Director of Gala Group Plc, prior to which he was Chief Executive of Ritz Bingo Limited. He has held senior executive positions with Kingfisher Plc and Dee Corporation Plc. As of the 2015 AGM, Brian will be stepping down as Chief Executive Officer and will be appointed as Executive Chairman of the Board. Age 63.

Aviad Kobrine

Chief Financial Officer

Aviad Kobrine has been Chief Financial Officer of the Group since June 2005, and was appointed to the Board in August 2005. From October 2004 he was a consultant to 888. Previously, he was a banker with the Media Telecoms Investment Banking Group of Lehman Brothers and prior to that, he was a senior associate with Slaughter and May. He holds a Masters in Finance from the London Business School (Distinction), a BA in Economics and an LLB from Tel Aviv University. Age 51.

Ron McMillan

Independent Non-executive Director

Ron spent the whole of his career with PricewaterhouseCoopers where he was a partner for 28 years until his retirement on 31 March 2013. In addition to acting as the engagement leader on a number of major listed companies, he was the Global Finance Partner, Northern Regional Chairman of the UK firm and Deputy Chairman and Head of Assurance for the Middle East firm. He is the Senior Independent Director and Chairman of the Audit Committee of N Brown Group Plc and SCS Plc and Chairman of the Audit Committee of B&M European Value Retail SA.

Ron is the Chairman of 888's Audit Committee and a member of the Remuneration Committee. Age 62

John Anderson

Independent Non-executive Director

John Anderson was the Chief Executive Officer of the Group from September 2000 to December 2006. He is currently Non-executive Chairman of Burford Holdings plc and was Chief Executive Officer of Burford Holdings plc from 1996 to 2000. He is Chairman of the Interactive Gaming Council, Chairman of 10 Tech Holdings Limited, Non-executive Director of Swiftstake Technologies Limited and Non-executive Director of Probability (Gibraltar) Limited which is a wholly owned subsidiary of Probability Plc. Previously, he was a Board member of Ladbrokes plc from 1990 to 1996. John is a member of 888's Audit Committee, Nominations Committee, Remuneration Committee and Gaming Compliance Committee. From the end of the 2015 AGM, John will be stepping down as Non-executive Director of the Company. Age 66.

Amos Pickel

Independent Non-executive Director

Amos Pickel was appointed in March 2006. Formerly the Chief Executive Officer of Atlas Management Company Limited and Chief Executive Officer and member of the Board of Directors of Red Sea Hotels Ltd. Previously a Non-executive Director of Gresham Hotel Group Plc, he is a non-practising solicitor holding a Master's in Law from New York University and an LLB from Tel Aviv University. He is Chairman of the Board of Directors of Berggruen Residential Limited, and is an Executive Director of Swiftstake Technologies SA. Amos is the Chairman of 888's Remuneration Committee and Nominations Committee, and is a member of the Audit Committee and Gaming Compliance Committee. Age 48.

Directors' Report

The Directors submit to the members their Annual Report and Accounts of the Group for the year ended 31 December 2014. The Strategic Report, Corporate Governance Statement and Directors' Remuneration Report on pages 4, 26 and 33 respectively, form part of this Directors' Report.

Results

The Group's profit after tax for the financial year of US\$57 million is reported in the consolidated income statement on page 54. The Board is recommending a final dividend of 4.5¢ per share (which together with the interim dividend equals 8.0¢ per share in accordance with the Group's dividend policy) and an additional one-off 7.0¢ per share, bringing the total for the year to 15.0¢ per share (2013: 14.0¢ per share).

Directors and their interests

Biographical details of the current Board of Directors are shown on page 21. The Directors who served during the year are shown below. All Directors retire at each Annual General Meeting and, being eligible, offer themselves for re-election on an annual basis.

Richard Kilsby (first appointed 30 August 2005). Mr Kilsby will not offer himself for re-election at the Annual General Meeting due to his retirement.

Brian Mattingley (first appointed 30 August 2005).

Aviad Kobrine (first appointed 30 August 2005).

Ron McMillan (first appointed 15 May 2014).

John Anderson (first appointed 30 August 2005). Mr Anderson will step down as a Non-executive Director as from the end of the 2015 Annual General Meeting and will therefore not offer himself for re-election.

Amos Pickel (first appointed 14 March 2006).

The beneficial and non-beneficial interests of the Directors in shares of the Company are set out in the Directors' Remuneration Report on page 33. There has been no change in the interests of Directors in shares of the Company between 31 December 2014 and the date of this Report.

Except as noted above, none of the Directors had any interests in the shares of the Company or in any material contract or arrangement with the Company or any of its subsidiaries.

Share capital

Changes in the Company's share capital during the financial year are given in the Consolidated Statement of Changes in Equity. As at 31 December 2014, the Company's issued share capital comprised 354,436,608 ordinary shares of GBP £0.005 each. At the Annual General Meeting held in May 2014, the Board was empowered to allot equity securities of the Company for cash without application of pre-emptive rights under the Company's Articles, provided that such power is limited: (a) to the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them; and (b) to

the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of £88,022.51 (5% of the Company's ordinary share capital in issue as at 31 March 2014). This authority expires at the conclusion of the next Annual General Meeting of the Company. In 2014, the Company did not exercise any of the foregoing powers and authorities. In 2014, the Company did not seek authority to and did not, in fact, purchase any of its own shares.

Articles of Association

The Articles of Association of the Company can only be amended by a special resolution at a general meeting of shareholders.

Rights attaching to Ordinary Shares

The rights and obligations attaching to ordinary shares are set out in the Company's Articles of Association. Holders of ordinary shares are entitled to attend and speak at general meetings of the Company, to appoint one or more proxies and to exercise voting rights. Holders of ordinary shares may receive a dividend and on liquidation may share in the assets of the Company. Holders of ordinary shares are entitled to receive the Company's Annual Report. Subject to meeting certain thresholds, holders of ordinary shares may requisition a general meeting of the Company or the proposal of resolutions at general meetings.

Deadlines for exercising voting rights

Electronic and paper proxy appointment and voting instructions must be received by the Company's Registrars not later than 48 hours before a general meeting.

Restrictions on transfer of shares and limitations on holdings

There are no restrictions on transfer or limitations on the holding of ordinary shares other than under restrictions imposed by law or regulation (for example, insider trading laws) or pursuant to the Company's share dealing code.

Requirements of gaming regulations

Amongst others, the Company:

- (i) holds a licence from the Nevada Gaming Commission as the sole shareholder of an Interactive Gaming Service Provider licensee, and as such is subject to the Nevada Gaming Control Act and to the licencing and regulatory control of the Nevada State Gaming Control Board and the Nevada Gaming Commission;
- (ii) holds a transactional waiver from the New Jersey Division of Gaming Enforcement permitting it to be the sole shareholder of a Casino Service Industry Enterprise licence applicant (presently holder of a transactional waiver allowing it to conduct online gaming related business in New Jersey), and as such is subject to the New Jersey Casino Control Act and to the licencing and regulatory control of the New Jersey Division of Gaming Enforcement; and
- (iii) is an applicant for a licence from the Delaware Department of Finance, State Lottery Office, as the sole shareholder of a Gaming Technology Provider licence applicant, and as such is subject to Title 29 of the Delaware Code and to the licencing and regulatory control of the Delaware Department of Finance, State Lottery Office.

The Company and its ordinary shareholders may also in the future be subject to similar restrictions in other jurisdictions where it secures a gaming licence.

The criteria used by relevant regulatory authorities to make determinations as to suitability of an applicant for licence varies from jurisdiction to jurisdiction, but generally require the submission of detailed personal and financial information followed by a thorough investigation. Gaming authorities have very broad discretion in determining whether an applicant (corporate or individual) qualifies for licencing or should be found suitable.

Many jurisdictions require any person who acquires beneficial ownership of more than a certain percentage (typically five percent) of the Company's securities, to report the acquisition to the gaming authorities and apply for a finding of suitability. Many gaming authorities allow an 'institutional investor' to apply for a waiver that allows such institutional investor to acquire up to a certain percentage of securities without applying for a finding of suitability, subject to the fulfillment of certain conditions. In some jurisdictions, suitability investigations may require extensive personal and financial disclosure. The failure of any such individuals or entities to submit to such background checks and provide the required disclosure could jeopardize the Company's eligibility for a required licence or approval.

Any person who is found unsuitable by a relevant gaming authority may be prohibited by applicable gaming laws or regulations from holding, directly or indirectly, the beneficial ownership of any of the Company's securities.

For this reason, at the Company's 2014 Annual General Meeting, the Company amended its Articles of Association to bring them in line with the current market standard in the gaming industry and to ensure that the Company has the required powers to continue to comply with applicable gaming regulations.

These provisions include providing the Company, in the event of a Shareholder Regulatory Event (as defined in the Articles), with the right to:

- (a) suspend certain rights of its members who do not comply with the provisions of the gaming regulations (the "Affected Members");
- (b) require such Affected Members to dispose of their ordinary shares; and
- (c) subject to (b) above, dispose of the ordinary shares of such Affected Members.

The Company considers that these rights are required in order to mitigate the risk that an interest in ordinary shares held by a particular person could lead to action being taken by a relevant Regulatory Authority which in turn could lead to the withdrawal of existing licences held by the Company or the exclusion of being awarded further licences in other jurisdictions that the Company seeks to pursue. This potential Regulatory Authority action could therefore cause substantial damage to the Group's business or prospects.

Entities holding company shares on behalf of group employees

At 31 December 2014, Virtual Share Services Limited held 3,124,612 ordinary shares, and the 888 Holdings plc Share Plan Trust held 46,432 ordinary shares in the Company, all on behalf of various group personnel who have received equity grants under the 888 All-Employee Share Plan. Full details are set out on page 38.

Substantial shareholdings

As at 31 December 2014 the Company had been notified of the following interests in 5% or more of its share capital under DTR Rule 5 of the UK Listing Authority:

Principal Shareholders	Number of shares	% issued share capital
E Shaked Shares Trust	86,283,534	24.34%
O Shaked Shares Trust	86,283,534	24.34%
Ben-Yitzhak Family Shares Trust	37,122,358	10.47%

No notifications pursuant to DTR Rule 5 have been received by the Company between 31 December 2014 and the date of this Annual Report.

Shareholder agreements and consent requirements

There are no known arrangements under which financial rights are held by a person other than the holder of the shares.

A Relationship Agreement governing the relationship between the above Principal Shareholder Trusts and the Company was entered into in connection with the Company's flotation. The Relationship Agreement provides that all transactions between the Group and the Principal Shareholder Trusts will be on a normal business basis, that the Group will be allowed to carry on business independently of them and that the Principal Shareholder Trusts will not cause the Company to contravene the UK Corporate Governance Code unless required by law or as contemplated in the Relationship Agreement. It further provides that each of the Principal Shareholder Trusts will not solicit Group employees without consent, that only Independent Directors can vote on proposals to amend the Relationship Agreement, that the Principal Shareholder Trusts will consult the Group prior to disposing of a significant number of shares in order to maintain an orderly market and shall not disclose confidential information unless required to do so by law or relevant regulation or having first received the Company's consent. The Relationship Agreement also includes restrictions on the Principal Shareholder Trusts' power to appoint Directors and includes obligations on the trusts to ensure that the majority of the Board, excluding the Chairman, is independent. The Principal Shareholder Trusts can nominate a Non-executive Director for appointment to the Board. In the event that this right is exercised and it results in fewer than half the Board (excluding the Chairman of the Board) being Independent Directors, such appointment shall only become effective upon the appointment to the Board of an additional Independent Director acceptable to the Nominations Committee. Such restrictions and obligations apply in respect of the E Shaked Shares Trust and O Shaked Shares Trust whilst they collectively hold not less than 7.5% of the issued share capital of 888,

Directors' Report

and in respect of the Ben-Yitzhak Family Shares Trust whilst it individually holds not less than 7.5% of the issued share capital of 888. The obligations of the parties to the Relationship Agreement are at all times subject to all relevant legal and regulatory requirements and obligations of the parties thereto in the United Kingdom, Gibraltar or elsewhere.

During 2014, the Company acted independently of its Principal Shareholder Trusts; specifically, the Company did not enter into any transactions or arrangements with the Principal Shareholder Trusts or any of their associates, neither the Principal Shareholder Trusts nor any of their associates took any action which prevented the Company from complying with its obligations under the Listing Rules of the UK Listing Authority, neither the Principal Shareholder Trusts nor any of their associates proposed or procured the proposal of any shareholder resolution which circumvented the proper application of the aforesaid Listing Rules, and there were no instances in which an independent Director of the Company did not support the Board's statements regarding compliance with the aforementioned independence criteria.

Change of control

A change of control in the Group may, in the event of failure to fulfill any applicable consent requirement, give rise to certain revocation or termination rights under the Group's gaming licences or certain contracts to which the Group is a party.

Political donations

The Company did not make any political donations during the year.

Financial instruments

Details relating to financial instruments are set out in the Risk Report on page 20.

Directors' Indemnities

The Company's Articles of Association permit the Company to indemnify its Directors in certain circumstances, as well as to provide insurance for the benefit of its Directors. The Company has undertaken to indemnify its Non-executive Directors: (a) in defending any proceedings, whether civil or criminal, in which judgment is given in favour of such Non-executive Director or in which such Non-executive Director is acquitted; or (b) in connection with any application under Section 378 of the Gibraltar Companies Act (pursuant to which the court may provide relief to such Non-executive Director in any proceedings for negligence, default, breach of duty or breach of trust on grounds that such Non-executive Director has acted honestly and reasonably, and that, having regard to all circumstances of the case, including those connected with his appointment, he ought fairly to be excused from liability on such terms as the court thinks fit). The Company also undertook in favour of Aviad Kobrine to indemnify him to the fullest extent permitted by applicable law and the Company's Articles of Association in connection with the execution of his duties and/or exercise of his powers, authorities and discretions pursuant to his employment agreement. In addition, certain special indemnities were provided to the Executive Directors in connection with the compliance and licencing procedures relating to the Company's business in the United States, details of which were provided in the Company's 2011 Annual Report.

Corporate governance

The corporate governance statement is on pages 26 to 29 and is incorporated in this Directors' Report by reference.

Principal subsidiary undertakings

The principal subsidiary undertakings are listed on page 79.

Research & Development activities

In 2014, the Group maintained its focus on delivery of its offerings to regulated markets, expansion of its mobile platform strategy and expansion of the capabilities of its gaming platform and offerings.

Some relevant achievements during the year in the field of research & development, which are detailed in the Strategic Review on page 6, included:

- Launch of 888sport.es in 2014, offering comprehensive pre-match and live betting on PC and mobile, and allowing 888 to offer seamless navigation between Sport, Poker and Casino offerings in Spain.
- Launch of shared liquidity in New Jersey between AAPN and Caesars player-bases; and launch in Nevada of Poker offering via mobile platform and addition of payment methods.
- Ensuring that UK-facing Casino, Poker, Sport and Bingo offerings are compliant with UK regulatory requirements, and certification of games.
- Addition of mobile games, content and marketing tools.

Greenhouse gas emissions

Details of the Company's greenhouse gas emissions are set out in the Corporate Responsibility section of the Business Review on page 16.

Auditors

With effect from 30 June 2014, BDO LLP and BDO Limited Chartered Accountants were replaced by EY as the statutory auditor of the Company. EY was appointed auditor for the purposes of the Company preparing financial statements as required pursuant to the Listing Rules of the UK Listing Authority and as statutory auditor for the purposes of issuing an audit report pursuant to Section 10 of the Gibraltar Companies (Accounts) Act 1999 to be filed with the Gibraltar Companies Registry.

BDO LLP and BDO Limited Chartered Accountants provided audit services to the Company for 10 years. The Board's decision to replace 888's auditor was taken in light of the changing regulatory environment, and is in line with emerging practice and institutional investor guidelines in respect of audit tenure. The Board considers EY best positioned to provide audit services to the Company through a period of significant growth and expansion into regulated markets, especially the United States.

There are no matters in connection with BDO's resignation as auditor which, in the view of the Board, need to be brought to the attention of shareholders.

A resolution regarding the appointment of EY as auditor of the Company will be proposed at the 2015 Annual General Meeting.

During 2014, EY charged the Company US\$0.4 million in audit fees and US\$0.1 million in non-audit fees, and during 2013, BDO charged the Company US\$0.4 million in audit fees and US\$0.1 million in non-audit fees.

Directors' Statement of Responsibilities

Company law requires the Directors to prepare financial statements in accordance with the Gibraltar Companies (Accounts) Act 1999, the Gibraltar Companies (Consolidated Accounts) Act 1999 and the Gibraltar Companies Act.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Group and Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the preparation and presentation of financial statements". In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. A fair presentation also requires the Directors to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable members to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' report which complies with the Gibraltar Companies (Accounts) Act 1999, the Gibraltar Companies (Consolidated Accounts) Act 1999 and the Gibraltar Companies Act.

Financial statements are published on the Group's website in accordance with legislation in the UK governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

The Directors are responsible for preparing the annual report and the financial statements. The Directors are required to prepare financial statements for the Group in accordance with International Financial Reporting Standards (IFRSs) and have

also chosen to prepare financial statements for the Company in accordance with IFRSs.

The Directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

We confirm, to the best of our knowledge:

- (a) the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole; and
- (b) the strategic report includes a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit, and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

On behalf of the Board:



Brian Mattingley
Chief Executive Officer
24 March, 2015

Corporate Governance Statement

888 Holdings plc is admitted to the UK Official List and its shares are traded on the London Stock Exchange under a Premium Listing. As such, despite being incorporated in Gibraltar, the UK Corporate Governance Code as published in 2012 (the "Code") applies to the Company and is available at www.frc.org.uk. A new edition of the Code was published in September 2014 and will apply to the Company from 2015.

Statement of compliance

The Board remains committed to the principles of corporate governance in the Code which it considers to be central to the effective management of the business and to maintaining the confidence of investors. This report explains how the Company has applied the main principles of the Code.

During 2014, the Company materially complied with the Code, other than as regards the following:

- The Company did not have a Senior Independent Director serving on the Board of Directors during 2014. The functions of a Senior Independent Director were fulfilled during 2014 by the Chairman and Non-executive Directors.
- Board evaluations have been conducted internally over the past three years by facilitation of the Chairman in coordination with the Company's legal adviser, Herzog Fox & Neeman, who may not be considered an external facilitator.

Board composition

The Directors consider it essential that the Company should be both led and controlled by an effective Board.

From 15 May 2014, with the appointment of Ron McMillan to the Board, as Chairman of the Audit Committee and as a member of the Remuneration Committee, the Board consisted of six Directors (prior thereto, five Directors), as follows: three independent Non-executive Directors, a Non-executive Chairman, and two Executive Directors, being the Chief Executive Officer and Chief Financial Officer.

At present, there is no Senior Independent Director on the Board. During 2014, executive search firm Odgers Berndtson continued on behalf of the Board to search for new Non-executive Directors. A process of identification of potential candidates and interviewing took place. It is noted that Odgers Berndtson is independent of the Company and has no other connections

with the Company. The role of the Senior Independent Director is to provide a sounding board for the Chairman, to evaluate the Chairman's performance and lead the Board's succession planning, and to serve as an intermediary for the other Directors where necessary. During 2014, the Chairman and Non-executive Directors fulfilled the functions of a Senior Independent Director.

The biographical details of all of the Directors are given on page 21. The service contracts of the present Non-executive Directors were renewed for an additional three year period on 1 March 2014. In doing so, the Company rigorously reviewed the performance of its Non-executive Directors, taking into account the need for progressive refreshing of the Board. A service contract with Ron McMillan was signed on 14 May 2014, with effect as of 15 May 2014. Mr. McMillan was appointed to the Board, as Chairman of the Audit Committee and as a member of the Remuneration Committee, following a lengthy and rigorous recruitment process.

Board strategic approach

The Board focuses upon the Group's long term objectives, strategic and policy issues and formally and transparently considers the management of key risks facing the Group, as well as determining the nature and extent of significant risks it will take in achieving its strategic objectives, maintaining sound risk management and internal control systems and reviewing annually the effectiveness of the Company's risk management and internal control systems. The Board is responsible for acquisitions and divestments, major capital expenditure projects and considering Group budgets and dividend policy. The Board also determines key appointments. The Board receives regular updates on shareholders' views. The Board has an established calendar of business. This covers the financial calendar, strategic planning, annual budgets and performance self-assessments, as well as the conduct of standing business. The calendar forms the basis for effective integration of business activities as between the Board and its principal Committees (see pages 29 and 30), which individually consider their own operating frameworks against the Board's business programme. The Board plans to meet six times a year. During 2014, the Board met seven times. Set out below are details of the Directors' attendance record at Board and Committee meetings in 2014.

Total number of meetings held during the year ended December 2014 and the number of meetings attended by each Director

	Board	Audit committee	Remuneration committee	Nominations committee
Total held in year	7	4	3	1
Richard Kilsby	7	N/A	N/A	N/A
Brian Mattingley	7	N/A	N/A	N/A
Aviad Kobrine	7	N/A	N/A	N/A
Ron McMillan	4	3	2	N/A
John Anderson	7	4	3	1
Amos Pickel	7	4	3	1



Ron McMillan was appointed to the Board, as Chairman of the Audit Committee and as a member of the Remuneration Committee, with effect as of May 15, 2014, and attended all Board and relevant Committee meetings subsequent to that date.

The Chairman has responsibility for ensuring that agendas for Board meetings are set in advance. Board papers are issued to Directors sufficiently in advance of meetings to facilitate both informed debate and timely decisions.

Non-executive review and performance appraisal

The Chairman holds meetings at least once per year (one such meeting was held during 2014) with the Non-executive Directors without the Executive Directors being present, and the Non-executive Directors meet once per year (one such meeting was held during 2014) without the Chairman present in order to appraise the performance of the Chairman and take into account the views of the Executive Directors. It is part of the role of the Senior Independent Director to lead this process. Presently, the Board is in the process of appointing a new Senior Independent Director; during 2014, the Chairman and Non-executive Directors fulfilled the functions of a Senior Independent Director. The Directors have wide-ranging business experience, and no individual, or group of individuals, dominates the Board's decision making.

The Board considers that Ron McMillan, John Anderson and Amos Pickel satisfy the independence criteria of the Code in 2014. The Board is satisfied that, upon his appointment as Chairman, Richard Kilsby met the independence criteria of the Code. The other significant commitments of the Chairman during 2014 are detailed in his biography on page 21. The Board considers that Mr Kilsby's other commitments do not interfere with the discharge of his responsibilities to the Group and is satisfied that he makes sufficient time available to serve the Company effectively. As of the end of the 2015 Annual General Meeting, Mr. Kilsby will step down as Chairman of the Board, Brian Mattingley will be appointed as Executive Chairman, and John Anderson will step down as Non-executive Director. The Board will continue its efforts in 2015 to recruit suitable and experienced independent Non-executive Directors.

The Board has established a formal process for the annual evaluation of its performance, its committees and individual Directors. The evaluation process covers a range of issues such as Board processes, Board roles and responsibilities, Board agendas and committee processes. The internal Board evaluation relating to performance in 2014 was carried out in March 2015, and included evaluation of the performance of the Board as a whole as well as evaluation of individual Directors and the Chairman against criteria and minimum requirements set by the Board. Pursuant to the evaluation, the Board was satisfied that the Non-executive Directors continue to be effective and to demonstrate commitment to their role. The Chairman in coordination with the Company's legal adviser facilitated the evaluation process. A detailed questionnaire was used covering various aspects of the Board's functions, and particular focus was given to the overall quality of decision-making and performance of the Chairman. Following analysis of the questionnaire responses, a detailed discussion was held by the Board of the results and the Company's legal adviser provided external feedback. The key action item from the evaluation was the Board's request to receive periodic information from the Executives between scheduled Board meetings concerning the performance of the business, together with certain revisions to the materials routinely distributed to Board members.

Reserved powers and delegation

A schedule of matters reserved to the Board has been adopted and its content is reviewed to align it with operational needs and the Board's preference to monitor and, where appropriate, approve matters of substance to the Group as a whole. Senior executives have given written undertakings to ensure compliance within their business operations with the Board's formal schedule of matters reserved to it for decision or approval.

Division of responsibilities

Board-level responsibilities of the Chairman are clearly and formally defined, with the Chairman being responsible for the effective operation of the Board as a whole, leadership of the Board in achieving a culture of constructive challenge by Non-executives, regularly agreeing and reviewing each Director's training and development needs, and supporting key external relationships; the CEO has the overall executive responsibility for the running of the Company's business; and the Non-executive Directors are responsible to constructively challenge and help develop proposals on strategy; no one individual has unfettered powers of decision in the Company.

Conflicts of interest

Conflicts of interest of the Directors are dealt with in accordance with the procedures set out in the Company's Articles of Association and are monitored by the Chairman. Such procedures operated effectively during the year.

Succession planning

The Board considers succession planning matters on an ongoing basis, with particular focus on succession planning for the CEO role as well as for senior management. At Board level, the Board has prioritized the recruitment of experienced Non-executive Directors. During 2014, Ron McMillan was appointed to the Board, as Chairman of the Audit Committee and as a member of the Remuneration Committee.

Other matters

All Directors have access to the advice and services of the Company Secretary and the Company's nominated advisers, who are responsible for ensuring that Board procedures are followed. Directors are able to seek independent professional advice, if required, at the Company's expense provided that they have first notified their intention to do so.

The appointment or removal of the Company Secretary is a matter for the Board as a whole. Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring information flows within and between the Board, its Committees and senior management, as well as facilitating induction, evaluation and professional development activities, and advising the Board on corporate governance, legal and procedural matters.

The Board accepts that there should be a formal, rigorous and transparent procedure for the induction of new Directors, which has been formulated with the guidance of the Nominations Committee.

The opportunity to hold office as Non-executive Directors of other companies enables Directors of 888 to broaden their experience and knowledge, which will benefit the Company. Executive Directors may be allowed to accept non-executive appointments with the Board's prior permission, so long as these are not likely to lead to any conflict of interest. Executive Directors may be required to account for fees received from such other companies.

Corporate Governance Statement

The Company has arranged insurance cover in respect of legal actions against its Directors. To the extent permitted by Gibraltar law, the Company also indemnifies the Directors. Neither the insurance nor the indemnity provides cover where a Director has acted fraudulently or dishonestly.

Re-election and appointment of Directors

All Directors are subject to reappointment by shareholders on an annual basis in accordance with the provisions of the Code.

The Board may appoint any person to be a Director of the company and such Director shall hold office only until the next AGM, when he or she shall be eligible for reappointment by the shareholders.

Audit Committee

Details of the Audit Committee's functions, together with its specific activities in 2014, are set out in the Audit Committee Report on page 30.

Nominations Committee

During the year, the Nominations Committee comprised two independent Non-executive Directors: Amos Pickel (Chair) and John Anderson.

The Nominations Committee assists the Board in discharging its responsibilities relating to the composition of the Board. The Nominations Committee is responsible for reviewing, from time to time, the structure of the Board, determining succession plans for the Chairman and Chief Executive Officer, and identifying and recommending suitable candidates for appointment as Directors. The Nominations Committee's terms of reference are available on the Company's website, www.888holdingsplc.com.

As regards Board nominations considered by the Nominations Committee, during 2014, the Board appointed Ron McMillan as a Non-executive Director, as Chairman of the Audit Committee and as a member of the Remuneration Committee. Mr. McMillan's appointment was carried out with the assistance of Odgers Berndtson, the executive search firm retained to recruit new Non-executive Directors to the Board. The Nominations Committee and the Board will continue its efforts in 2015 to recruit suitable and experienced independent Non-executive Directors.

The Nominations Committee is also responsible for implementing the Board's policy on diversity within the scope of its mandate, including setting measurable objectives and monitoring progress on achieving such objectives. In considering new Board appointments, diversity (including gender diversity) is one of the criteria considered by the Nominations Committee. The Company's statement regarding diversity is set out in the Corporate Responsibility section of the Business Review on page 16.

Remuneration Committee

During the year the Company's Remuneration Committee comprised three Independent Non-executive Directors: Amos Pickel (Chair), Ron McMillan and John Anderson.

The Board has overall responsibility for determining the framework of executive remuneration and its cost. It is required to take account of any recommendation made by the Remuneration Committee in determining the remuneration, benefits and employment packages of the Executive Directors and senior management and the fees of the Chairman.

The Directors' Remuneration Report, which outlines the Remuneration Committee's work and details of Directors'

remuneration, is on pages 33 to 49. The Remuneration Committee's terms of reference are available on the Company's website, www.888holdingsplc.com.

Gaming Compliance Committee

In accordance with Nevada Gaming Control Board requirements, the Board has appointed a Gaming Compliance Committee. Its members are Michael Alonso (an external consultant to the Company), John Anderson and Amos Pickel.

The Gaming Compliance Committee is entrusted with making sure that the 888 Group's licenced gaming activity is carried out with honesty and integrity, in accordance with high moral, legal and ethical standards, and free from criminal and corruptive elements. As such, the committee is responsible and has the power to identify and evaluate situations arising in the course of the Company's and its Affiliates' business that may adversely affect the objectives of gaming control.

The Committee is not intended to displace the Board or the Company's executive officers with decision-making authority but is intended to serve as an advisory body to better ensure that the Company's goals of avoiding unsuitable situations and in entering into relationships exclusively with suitable persons.

The Committee's work is being done independently and impartially. To this end, its members are appointed by and report directly to the Board of Directors.

Risk management and internal control

The Directors acknowledge that they are responsible for the Company's system of internal control, for setting policy on internal control and risk management, and for reviewing the effectiveness of internal control and risk management. It is management's role to implement Board policies on risk and control, including reporting. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The Board has delegated responsibility to the Audit Committee to review the appropriateness and adequacy of systems of internal control and risk management in relation to the financial reporting process on an ongoing basis and to make recommendations to the Board. During 2014, Deloitte carried out the Company's internal audit function, reporting to the Audit Committee; during 2014, the internal auditor provided five reports to the Audit Committee and discussed the internal audit working plan for 2015.

888's payment risk management team, based in Gibraltar, has developed stringent payment risk management and fraud control procedures. The team makes use of external and internal systems to manage the payment risks. Detailed procedures exist throughout the Company's operations and compliance is monitored by operational management and the internal audit function.

The Directors annually review the effectiveness of the Group's systems of internal control and risk management, including identifying, evaluating and managing the significant risks faced by the Company. The review considers individual risk control responsibilities, reporting lines and qualitative assessments of residual risks. Such a review was carried out in 2014 and the process was in place throughout 2014 and to the date of approval of the Annual Report and Accounts. The Board believes that its risk management process accords with the Internal

Control: Revised Guidance for Directors on the Combined Code.

Relations with shareholders and key financial audiences

The Company maintains an active and regular dialogue with principal and institutional shareholders and sell-side analysts through a planned programme of investor relations and financial PR activity. The outcome of these meetings is reported to the Board. The programme includes formal presentations of full year and interim results, analysts' conference calls and periodic roadshows.

Shareholders are free to contact any Non-executive Director to address any issues where contact with the Chairman, Chief Executive Officer and Chief Financial Officer is inappropriate or where such contact has failed to resolve the issue.

With regard to 2014, discussions were held with shareholder advisory bodies, primarily regarding Directors' remuneration and matters relating to the remuneration policy.

All shareholders are welcome to attend the 2015 Annual General Meeting (scheduled to be held on 13 May 2015) and private investors are encouraged to take advantage of the opportunity given to ask questions. The Chairmen (or nominated members) of the Audit, Remuneration and Nominations Committees will attend the meeting and be available to answer questions.

Compliance with statutory provisions

As the Company is registered in Gibraltar, it is subject to compliance with Gibraltar statutory requirements. The main legislation relevant to companies in Gibraltar is the Gibraltar Companies Act, which is based on the UK Companies Act 1929. The Company is in full compliance with the Gibraltar Companies Act.

Going concern

After careful review of the Group's budget for 2015, its medium-term plans, liquid resources and all relevant matters, the Directors are confident that the Company and the Group have adequate financial resources to continue in operational existence for the foreseeable future. They have therefore continued to adopt the going concern basis in preparing the financial statements.

The principal risks and uncertainties faced by the Group are disclosed in the Business Review on page 19.

Corporate social responsibility statement

The Group's Chief Executive Officer is the Director responsible for monitoring corporate social responsibility within 888. The Board receives periodic reports on the Group's activities in this area from the Chief Executive Officer. Further details are set out in the Corporate Responsibility section on pages 16 to 18.

Whistle-blowing policy

The Company's whistle-blowing policy sets out the overall responsibility of the Board for implementation of the policy, but notes that the Board has delegated day-to-day responsibility for overseeing and implementing it to the designated whistle-blowing officer. The policy provides that where an employee is not comfortable making a disclosure to his/her respective direct line manager, disclosure can be made to the designated whistle-blowing officer whose details are provided. If the subject of the disclosure in any way involves the designated whistle-blowing officer, the disclosure may be made directly to the Chairman of the Audit Committee or to another member of the Group's senior management. Whilst employees are permitted to make disclosures anonymously, disclosing employees are encouraged

to reveal their identity to the designated whistle-blowing officer in order to allow a full and proper investigation to take place; measures can be taken to preserve the confidentiality of the disclosure where appropriate. The Board commits to investigating all disclosures fully, fairly, quickly and, where circumstances permit, confidentially. Undertakings are made to employees who raise genuinely held concerns in good faith under the procedure that they will not be dismissed or subjected to any detriment as a result of his/her action. Employees of the Group are regularly sent reminders regarding the whistle-blowing policy as part of general refreshers of various Group policies. No reports of incidents under the whistle-blowing policy were received in 2014.

Diversity policy

Details of the Company's diversity policy and involvement of women in management of the Group are set out in the Corporate Responsibility section of the Business Review on pages 16 to 18.

Other disclosures

The following matters can be found in this report on the following pages:

Applicable sub-paragraph within LR 9.8.4	Disclosure provided
(1) Interest capitalised by the Group	N/A
(2) Publication of unaudited financial information	N/A
(3) Details of long-term incentive schemes only involving a Director	N/A
(4) Waiver of emoluments by a Director	N/A
(5) Waiver of future emoluments by a Director	N/A
(6) Non pro-rata allotments for cash (issuer)	N/A
(7) Non pro-rata allotments for cash (major subsidiaries)	N/A
(8) Parent participation in a placing by a listed subsidiary	N/A
(9) Contracts of significance	N/A
(10) Provision of services by a controlling shareholder	N/A
(11) Shareholder waivers of dividends	N/A
(12) Shareholder waivers of future dividends	N/A
(13) Agreements with controlling shareholders	Page 23

On behalf of the Board:

Brian Mattingley
Chief Executive Officer
24 March, 2015

Audit Committee Report

Letter to Shareholders

Dear Shareholders,

The Audit Committee exercises oversight of the Company's financial reporting policies, monitors the integrity of the financial statements and considers the significant financial and accounting estimates and judgments applied in preparing the financial statements. It also ensures that the disclosures in the financial statements are appropriate.

Amongst other things, during the year the Committee considered:

- The complex legal and regulatory environment in which the Company operates, together with changes in laws and regulations which may impact the Company's business, sector and market.
- The Company's exposure to corporation tax and VAT in various jurisdictions.
- The appropriateness of the accounting for the joint venture arrangements entered into by the Company in the United States.
- The carrying value of goodwill and related disclosures in the financial statements.
- The adequacy of the Company's IT systems and controls.
- The adequacy of the systems and controls on which management relies.

A key responsibility of the Committee is to review the scope, nature and effectiveness of internal and external audits.

Internal audit work is conducted by Deloitte and the scope of their work is agreed with both management and the Audit Committee. The Committee also monitors and reviews the key aspects of the Company's external audit.

In relation to risks and controls, the Committee ensures that these have been identified and that appropriate responsibilities and accountabilities have been set.

Further information on the Committee's responsibilities and the manner in which they are discharged are set out below and are available on the Company's website - www.888holdingsplc.com.

I will be available at the Annual General meeting in May 2015 to answer any questions and would like to thank my colleagues on the Committee for their help and support.

Sincerely,



Ron McMillan

Chairman of the Audit Committee

Committee composition

The Committee comprises a minimum of three members, all of whom are independent Non-executive Directors.

Two members constitute a quorum. The Committee requires the inclusion of at least one financially qualified member with recent and relevant financial experience. The Committee's Chairman fulfils that requirement. All members of the Committee are expected to have an understanding of financial reporting, the Company's internal control environment, relevant corporate legislation, the functions of internal and external audit and the regulatory framework of the business.

The members of the Committee during the year were:

Ron McMillan
(Chairman – Appointed May 15, 2014)

Amos Pickel
(Chairman until May 15, 2014)

As of the end of the 2015 Annual General Meeting, John Anderson is stepping down as Non-executive Director. The Board will continue its efforts in 2015 to recruit suitable and experienced independent Non-executive Directors.

Details of meetings of the Audit Committee are set out in the Corporate Governance Report on page 26.

In addition to scheduled meetings, the Chairman of the Committee met with the Chief Financial Officer and the internal and external auditors on a number of occasions.

Responsibilities

The committee is responsible for:

- Monitoring the integrity of the Group's financial statements and reviewing significant financial judgments and estimates in advance of these being considered by the board;
- In conjunction with internal and external audit, reviewing internal financial controls and management's response to required corrective action;
- Monitoring and reviewing the role and effectiveness of the internal audit function, including activities and resources; and
- Overseeing the role and effectiveness of the external auditor, reviewing and monitoring their objectivity and independence and agreeing the scope of work and fees for audit and non-audit services.

Activities

The key matters discussed by the Committee during the year included:

Goodwill and intangible assets

As set out in note 10 to the consolidated financial statements, the group has significant goodwill and other intangible assets relating to the acquisitions of businesses and the development of gaming platforms and software.

The Audit Committee reviewed the cash flow forecasts supporting the carrying value of goodwill and other intangible assets including the key assumptions and estimates, and satisfied itself that no impairments were required in relation to carrying values. In addition, the appropriateness of the capitalisation of costs relating to the development of gaming platforms and software was reviewed.

Joint venture accounting

As described in the note 12 to the consolidated financial statements, the group has a joint venture in the US with Avenue OLG Entertainment LLC. During the year, the Audit Committee updated its review of the accounting for the joint venture in light of the additional investments made and satisfied itself in relation to this accounting and the completeness of the related disclosures.

Taxation

The Board oversees and sets the group's tax strategy and evaluates tax risk. In undertaking this task the group uses inter alia its legal advisors, internal auditor (Deloitte) and external auditor (EY).

During the year the group's legal advisors have kept the Audit Committee apprised of both existing and emerging tax risks and, where appropriate, these have been elevated to the Board for consideration in conjunction with the group's commercial strategy

Regulation

The group manages its regulatory risk with input from its legal advisors and seeks to balance the needs of regulators with those of the business. The group works with its lawyers to produce regular updates so that the Board and Audit Committee understand what is happening in the regulatory landscape. During the year the Audit Committee reviewed updates on the management of regulatory risk from management and the group's lawyers. In addition, the group's internal auditor reviewed the group's regulatory risk management process and reported its findings to the Audit Committee.

IT systems

The group's IT systems are complex and in the main are developed in house. The success of the business relies on the development of IT platforms which are innovative and appealing to customers. In addition, the integrity and security of the IT systems are vital from a commercial standpoint. During the year, the Audit Committee has reviewed reports from management on data security and disaster recovery planning and reviewed the results of work undertaken by the external auditor on the IT general control environment and commissioned the internal auditor to perform IT penetration testing.

Audit Committee Report

Internal controls

The group maintains a robust system of internal control for the purpose of safeguarding the group's assets, managing risk and, where required, complying with regulations. This covers all material risks and related controls, including financial, operational and compliance controls together with mitigating actions and responsibilities.

The group's internal audit function is outsourced to Deloitte and the Audit Committee reviewed and modified the internal audit plan. It has also reviewed reports from Deloitte in relation to all internal audit work carried out during the year. The Audit Committee has also reviewed reports from EY, the external auditor, in relation to internal control matters arising from its work.

In addition to the matters described above, the work of the Committee during the year included:

- Reviewing the draft interim and annual reports and considering:
 1. The accounting principles, policies and practices adopted and the adequacy of related disclosures in the reports
 2. The significant accounting issues, estimates and judgments of management in relation to financial reporting;
 3. Whether any significant adjustments were required arising from the audit; and
 4. Compliance with statutory tax obligations and the Group's tax policy;
- Meeting with internal and external auditors, both with and in the absence of the executive directors.
- Reviewing and approving the resources of, the scope of work undertaken by and the reports prepared by internal audit.
- Reviewing the reports prepared by the external auditor on key audit findings and any significant deficiencies in the financial control environment.
- Reviewing and considering the Company's systems of internal risk control, sources of assurance and exposure to fraud.
- Overseeing the management of the Group's whistleblowing procedures which contain procedures for the Committee to receive, in confidence, complaints on all operational matters.
- Reviewing the performance of the external auditor, including its relationship with the Company, the use of the external auditor for non-audit services and the balance of audit and non-audit fees paid to the auditor. Non-audit services are generally subject to tender processes and the allocations of work are done on the basis of competence, cost effectiveness, regulatory requirements, the potential for conflicts to arise and knowledge of the Group's business. The Committee is satisfied that in relation to these services, EY

has taken actions to ensure that any potential conflicts of interest are properly managed.

- Reporting to the board on how it has discharged its responsibilities.
- Making recommendations to the board in respect of its findings in respect of all of the above matters.
- Review of the going concern position of the Company. Considering all relevant factors, the Committee determined that the Company remains a going concern.

The Board considers that the processes undertaken by the Audit Committee continue to be appropriately robust and effective and in compliance with the guidance issued by the Financial Reporting Council. During the year, the Board has not been advised by the Audit Committee of, nor identified itself, any failings, frauds or weaknesses in internal control which it has determined to be material in the context of the financial statements.

The principal risks which the Company has identified, together with actions to mitigate those risks are set out on page 19.

BDO LLP had been the Company's auditor for ten years and, in light of current recommendations, with effect from 30 June 2014, BDO was replaced by EY as the auditor of the Company under the Listing Rules of the UK Listing Authority and as statutory auditor for the purposes of issuing audit reports, pursuant to Section 10 of the Gibraltar Companies (Accounts) Act 1999.

The appointment or reappointment of the external auditor is put to the vote of each Annual General Meeting. Prior thereto, the Audit Committee considers the auditor's performance during the year, and forms a view as to whether to recommend that the present auditors be reappointed or an alternative be proposed. As regards 2014, the Audit Committee formed the view that the external auditor performed its role in a professional manner and recommended that at the next AGM in May 2015, the shareholders ratify the appointment of EY as of 30 June 2014, and that EY be reappointed for 2015, and, if so appointed, that they will hold office until the conclusion of the next general meeting of the Company at which accounts are laid.

EY does not provide any material non-audit services to the Company. The Audit Committee seeks to ensure that the Company's auditors are objective and independent by monitoring the appointment of the auditors for any non-audit work involving fees above US\$0.1 million. In 2014, the external auditors carried out non-audit work for the Company involving fees in the aggregate amount of US\$0.1 million.

Directors' Remuneration Report

Letter to Shareholders

Dear Shareholders,

The Corporate Governance Code and regulations applying to Directors' remuneration reporting requires pay to be aligned with the long-term success of the Company.

888's Remuneration Policy, which was approved by an advisory vote of shareholders at the 2014 Annual General Meeting, clearly enunciates that principle, and seeks to align the incentives of executives with the interests of shareholders, focus on top-line growth and margin improvement, link remuneration to performance and shareholder return, provide strong linkage between remuneration, performance and delivery of Company strategy, and ensure total remuneration is market-competitive in the industry and helps attract and retain executives of the highest calibre.

Whilst the Remuneration Policy set out in the 2014 Annual Report was adopted with the intention that it would be brought for shareholder approval in three years' time, and the Company considers that the existing Remuneration Policy continues to apply during 2015, the board intends to put to the 2015 Annual General Meeting a resolution to approve a revised Remuneration Policy. The revised Remuneration Policy is intended, once approved, to apply to payments made after the date of the Annual General Meeting to be held on 13 May 2015, which may relate to the financial year ended 31 December 2014. The revised remuneration Policy includes the grant of discretion to the Remuneration Committee, in circumstances of exceptional performance, to grant Executive Directors an additional bonus of up to 50% of base salary, in addition to the payment of bonus of up to 100% of base salary under the previously approved Remuneration Policy – the revision is intended to apply to the bonus payments for the financial year ended 31 December 2014 which will be payable following the approval of the Group's annual results at the 2015 Annual General Meeting and for subsequent financial years during the life of the revised Remuneration Policy. The Remuneration Committee has determined that the aforementioned amendment is required in order for the Company to be competitive with market practice in terms of payment of short-term incentives to Executive Directors and in order to provide a sufficiently attractive overall remuneration package to Executive Directors. The Remuneration Committee considers that the existing performance targets are appropriately stretching and therefore it was determined not to adjust the performance targets in light of the increase in grant opportunity to Executive Directors.

The approved Remuneration Policy, as proposed to be revised by resolution of the 2015 Annual General Meeting, is set out in this Remuneration Report.

As required by the regulations, the Remuneration Report includes an Implementation Report, setting out the manner in which the Remuneration Policy is to be implemented in 2015, including changes in various salary components which are being implemented within the scope of the existing Remuneration Policy and set out therein.

In 2015, various changes are taking place at Board level. Brian Mattingley will be stepping down as the Company's Chief Executive Officer and will be appointed as Executive Chairman, and Richard Kilsby will be stepping down as Chairman, as from the 2015 Annual General Meeting. During 2014, the Remuneration Committee considered Mr. Mattingley's new terms as Executive Chairman, and these discussions are ongoing.

Since the Company is incorporated in Gibraltar it is not legally required to comply with the UK regulations on directors' remuneration. As such, the Board intends to put the revised remuneration policy set out in this Report, and the remainder of the Report as a whole, to shareholders for approval in two separate votes at the 2015 Annual General Meeting. Since the Company is not a UK incorporated company, and is not subject to the UK Companies Act 2006 nor the UK regulations on directors' remuneration, the two votes will be 'advisory' votes. This means that payments made or promised to Directors would not have to be repaid if either of the votes were not passed, and while the Board intends to set Directors' remuneration in accordance with the remuneration policy, subject to shareholder approval at the Annual General Meeting, neither the Board nor individual Directors are legally bound by the policy.

The Board intends to put to the 2015 Annual General Meeting the revised remuneration terms, subject to its approval by shareholders; in the event that the revised remuneration terms are not approved by shareholders, the remuneration policy approved at last year's Annual General Meeting shall continue in force. If the revised remuneration terms are approved, it is intended to apply to payments made after the date of the Annual General Meeting to be held on 13 May 2015, which may relate to the financial year ended 31 December 2014. Existing obligations will continue to be met. It is the Company's intention that, provided it remains unchanged, the revised remuneration policy will continue to apply until a shareholder vote at the Annual General Meeting in 2017.



Directors' Remuneration Report

The proposed revised remuneration policy seeks to align the Company's remuneration policy with Company strategy and its approach to risk, and on rewarding success fairly, whilst avoiding paying more than is necessary to properly attract, retain and motivate Directors of appropriate calibre to the Company's business; as well as to promote the long-term success of the company and for performance-related elements thereof to be transparent, stretching and rigorously applied. In adopting the revised policy, the Company confirms that there is a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors, with no Director being involved in deciding his own remuneration.

Annual Statement

2014 was another record year for the Group, with revenue increasing by 14% compared to 2013, Adjusted EBITDA increasing by 33% and Adjusted EBITDA margin increasing to 22.1% compared to 18.9% in 2013. During the year, the Board discussed with investor representative groups the remuneration of the Executive Directors, amongst other matters. During 2015, the Remuneration Committee will exercise its duties in accordance with the revised Remuneration Policy set out herein, subject to its approval at the Annual General Meeting.

We hope that you will find the Directors' Remuneration Report informative and would be happy to discuss any feedback you may have.

Sincerely,

Amos Pickel

Chairman of the Remuneration Committee

24 March 2015

Introduction

The Company presents its report on the remuneration of its Directors for the year ended 31 December 2014. The Company is incorporated in Gibraltar and, therefore, is not required to comply with the UK Companies Act 2006 or the Directors' Remuneration Report requirements in Schedule 8 to the UK Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), but has chosen to prepare this Remuneration Report on the basis of those requirements, as appropriate.

The report sets out the revised remuneration policy proposed to be put to the 2015 Annual General Meeting, together with the structure and details of the remuneration of the Directors for the year ended 31 December 2014, including a report regarding implementation of the remuneration policy in 2015. The report also describes the Board's policy and approach to the Principles of Good Governance relating to Directors' remuneration contained in the UK Corporate Governance Code.

A resolution to approve the Directors' Remuneration Report is proposed, annually, to shareholders for approval. This Remuneration Report and the proposed revisions described herein, will each separately be put to advisory shareholder votes at the upcoming Annual General Meeting. As stated above, the advisory nature of the votes, due to the Company's incorporation in Gibraltar, means that obligations to make payments to Directors would continue to be enforceable in the event that either of the votes is not passed and neither the Board nor individual Directors are legally bound by the current or any revised Remuneration Policy.

Revised Remuneration Policy

Executive Directors

Remuneration packages must be sufficient to attract, retain and motivate Directors of the calibre appropriate to a global business in a competitive environment. The Remuneration Committee is mindful that many of the Group's competitors are not UK listed companies and acknowledges the unique risk profile associated with online businesses of the nature of the Group's, and takes these matters into account in determining appropriate remuneration levels. The components of the remuneration structure are set out below.

At least half of the total potential remuneration of the Chief Executive Officer and the Chief Financial Officer is represented by a variable element, dependent on the performance of the Group. The Remuneration Committee considers that these represent achievable and motivational levels of personal rewards commensurate with stipulated levels of corporate performance.

The Remuneration Committee is mandated by the Board to satisfy itself that the level of the Directors' and senior management's remuneration is appropriate, having regard to pay and conditions throughout the sectors in which the Group operates as well as pay and conditions of employees throughout the Group. It further ensures that such remuneration aligns with the risks and rewards to shareholders. In this context, the Remuneration Committee regularly reviews individual and corporate performance targets and uses careful and rigorous judgment to match remuneration to achievements.

The Remuneration Committee applies a remuneration policy which has at its core the following objectives:

- To align the incentives of executives with the interests of shareholders, including being mindful of employee costs in light of the Company's capital needs and return to shareholders;
- To focus on top-line growth and margin improvement;
- To link a significant proportion of remuneration to financial and individual performance, as well as shareholder return, both in the short term and long term;
- To provide strong linkage between remuneration, performance and delivery of Company strategy;
- To ensure total remuneration is market-competitive in the industry and helps attract and retain executives of the highest calibre; and
- To promote the long-term success of the Company, and for performance-related elements thereof to be transparent, stretching and rigorously applied.

The following is the Company's Remuneration Policy which was approved by an advisory vote of the shareholders at the 2014 Annual General Meeting of the Company, as revised in accordance with the resolution to be put to the shareholders at the 2015 Annual General Meeting and described herein.

Directors' Remuneration Report

Chart 1 - Policy Table

Remuneration Component	Purpose	How it operates	Opportunity	Performance Metrics
Base Salary	Provide an attractive pay package taking into account the risks and responsibilities of the role in order to attract, retain and motivate Directors of suitable calibre	The Executive Directors' base salaries are subject to annual review at the time of the publication of the annual financial statements with effect from 1 January of the same year. The Company considers that the Executive Directors' personal performance is best measured in accordance with the performance of the Company as a whole, taking into account any changes in the level of responsibilities of the Executive Directors. Therefore, in determining salary levels and raises, the Remuneration Committee has regard to the pay and conditions of comparable companies in the same sector, including the FTSE 250 Index.	The Remuneration Committee has regard to the last reported median salary level of the upper quartile of FTSE 250 companies in determining base salary. The Executive Directors will generally not be paid more than 5% over such last reported upper quartile median, except in circumstances of significant changes in responsibilities.	Payment of base salary is not subject to performance conditions. However, in reviewing salaries, the Remuneration Committee takes into account pay and conditions elsewhere across the Group, relevant market data and benchmarking, and the individual Director's performance and experience. Benchmarking is carried out on a total remuneration basis, and takes account of pay levels for comparable roles at a range of organisations of similar size and sector. No recovery or withholding applies to salary.
Benefits	Provide an attractive benefits package taking into account the risks and responsibilities of the role in order to attract, retain and motivate Directors of suitable calibre	Benefits may include cost of, or an allowance toward, accommodation (where the Company has required the Executive Director to relocate), use of Company car, car allowance, health insurance (or contribution towards health insurance scheme), disability and life insurance, directors' indemnities and directors' & officers' insurance to the extent permitted by law, pension (or payment in lieu thereof) at the discretion of the Remuneration Committee.	Benefits will be market competitive taking into account the role and the local market. The value will be appropriate to the individual circumstances of the individual executive director. The current package of benefits will generally be maintained but the value may fluctuate depending amongst other things on insurance costs, an individual's circumstances and non-material changes determined in the discretion of the Remuneration Committee	Benefits are not subject to performance conditions. No recovery or withholding applies to benefits.
Short term incentives	Provide a challenging framework to incentivize executive performance and align executive incentives to shareholder interests	An annual cash bonus becomes payable following the approval of the Group's annual results at the annual general meeting, in accordance with the performance criteria set by the Remuneration Committee at the beginning of the financial year. The annual bonus may be paid following release of the annual financial results as the Remuneration Committee may determine in its discretion, provided that any such earlier bonus payment shall be subject to clawback. The bonus can be paid in cash or shares, at the discretion of the Remuneration Committee.	Targets are set in light of Company growth and market conditions. The Remuneration Committee considers the target Adjusted EBITDA growth metric as being appropriate for determining challenging performance targets. Maximum opportunity is 100% of base salary; in circumstances of exceptional performance, the Remuneration Committee shall have discretion to grant Executive Directors an additional bonus of up to 50% of base salary*.	Maximum bonus award is 100% of base salary for the Executive Directors. The foregoing is calculated on a linear scale based on like-for-like Adjusted EBITDA growth (i.e. with the adjustment for exceptional items relating to the changing regulatory environment to arrive at a like-for-like Adjusted EBITDA, as determined by the Remuneration Committee). The threshold like-for-like Adjusted EBITDA growth and the like-for-like Adjusted EBITDA growth giving rise to maximum bonus award are determined by the Remuneration Committee in accordance with the Executive Directors' annual targets. In circumstances of exceptional performance, the Remuneration Committee shall have discretion to grant Executive Directors an additional bonus of up to 50% of base salary. No bonus is paid where growth is below threshold like-for-like Adjusted EBITDA growth, and a bonus is only payable where Adjusted EBITDA is above budget for the year as approved by the Board. Whilst not implemented at present, the Remuneration Committee may decide to apply clawback or malus to short term incentive grants to Executive Directors recruited in future, at its discretion and pursuant to the employment agreement of such Executive Director.

* It will be proposed at the 2015 Annual General Meeting to revise the Remuneration Policy approved at the 2014 Annual General Meeting, such that the Remuneration Committee will have discretion, in circumstances of exceptional performance, to grant Executive Directors an additional bonus of up to 50% of base salary



Remuneration Component	Purpose	How it operates	Opportunity	Performance Metrics
Long term incentives	Encourage executives to create long term shareholder value, aligned with the timing of implementation of the Company's long term strategy	<p>The following is a summary of the long term incentive plans currently utilised by the Company. Other plans or amendments to the existing plans may be implemented at the discretion of the Remuneration Committee and subject to any required shareholder approvals</p> <p>888 All-Employee Share Plan</p> <p>The Company currently grants awards under the 888 All-Employee Share Plan.</p> <p>All employees, consultants and Executive Directors of the Group who are not within six months of their normal retirement age are eligible to participate in the 888 All-Employee Share Plan at the discretion of the Remuneration Committee.</p> <p>Awards under the 888 All-Employee Share Plan can either be granted for no consideration (or with a nil exercise price for options) or at an exercise price that will normally be no less than the market value of an ordinary share at the time of grant or average share price during a period as determined by the Remuneration Committee at time of grant. In countries where an award or option involving real shares is not appropriate or feasible for legal, regulatory or tax reasons, a phantom award may be made which will, on vesting, pay a cash sum to an equivalent value in lieu of shares.</p> <p>The maximum number of ordinary shares that an eligible employee may acquire pursuant to share awards or options granted to such person in any calendar year under the 888 All-Employee Share Plan and the 888 Long term Incentive Plan may not have an aggregate market value, as measured at the date of grant, exceeding 200% of such person's annual base salary or such higher limit as the Remuneration Committee may determine is appropriate in any individual case.</p> <p>Awards vest over a fixed period of up to four years from the date determined by the Remuneration Committee at the time of grant. The Remuneration Committee may determine that the vesting and release or exercise of share awards and options under the 888 All Employee Share Plan are subject to such performance conditions as the Remuneration Committee may impose at the time of grant.</p>	<p>The Executive Directors are granted nil cost options or awards over shares for no consideration on an annual basis following the publication of the Group's annual results. The maximum grant allocation to each Executive Director under the All-Employee Plan is equal to 100% of such Executive Director's salary converted into shares of the Company by reference to the prevailing market value of a share at the time of grant.</p>	<p>Share awards or nil cost options issued with performance criteria are subject to three year cliff vesting, with equally weighted dependence on EPS-based and TSR-based metrics.</p> <p>The performance conditions of nil cost options or free shares are measured over a period of three years commencing from the beginning of the financial year in which the award is granted, with the vesting of 50% of such share awards or options dependent upon the achievement of a performance condition based on cumulative growth in Earnings Per Share (EPS) over such three-year period adjusted on a like-for-like basis, and the vesting of the other 50% of such share awards or options dependent upon the achievement of a performance condition based on relative Total Shareholder Return (TSR) compared to a defined peer group median over such three-year period. (See below for peer group details).</p> <p>The threshold compound EPS growth rate as well as the compound EPS growth rate and annual relative TSR giving rise to maximum vesting, are determined by the Remuneration Committee in accordance with Executive Directors' annual targets. With regard to the share awards or options subject to the EPS performance condition, where the compound annual EPS growth rate is between the threshold compound EPS growth rate and the compound EPS growth rate giving rise to maximum vesting, such share awards or options vest on a linear scale between 25% and 100% of the shares under the EPS element, with an EPS growth rate of below the threshold compound EPS growth rate not allowing any vesting. With regard to the share awards or options subject to the TSR performance condition, where the Company's TSR over the vesting period is between the median of a peer group determined by the Remuneration Committee and the TSR over the vesting period above such median giving rise to maximum vesting, such share awards or options vest on a linear scale between 25% and 100% of the shares under the TSR element, with a TSR below such median not allowing any vesting. The peer group for the TSR performance condition determined by the Remuneration Committee is presently as follows with respect to awards made to date; however, the Remuneration Committee will reconsider the composition of such peer group on an annual basis prior to the grant of any share awards</p> <ul style="list-style-type: none"> ○ Bwin.Party Digital Entertainment PLC ○ Sportech PLC ○ Ladbrokes PLC ○ Playtech Ltd.; and ○ Paddy Power PLC. <p>The above conditions also applied to all awards under the 888 All-Employee Share plan to the Executive Directors from 1 January 2012.</p>

Directors' Remuneration Report

Remuneration Component	Purpose	How it operates	Opportunity	Performance Metrics
Long term incentives		<p>The vesting of awards is subject to any applicable performance conditions and continued employment during the vesting period, with exceptions where the Executive Director leaves for certain "good reasons", including ill health, injury, disability, timely retirement, disposal of employing company or business by the Group, or other reasons determined by the Remuneration Committee. Awards will vest early in the event of a change of control of the Company, and in such event options may be exercised within one month of the date on which the relevant event occurs or otherwise lapse automatically; provided that the Board may determine instead that outstanding awards shall instead be exchanged for new awards which in the opinion of the Board are equivalent thereto but relate to shares in a different company.</p> <p>Awards and options granted under the 888 All-Employee Share Plan may be satisfied through the issue of new shares. It is intended that grants of options and awards under all employee share schemes utilised by the Company are to be planned so as not to exceed 10% of the issued and outstanding ordinary share capital in any rolling ten year period. The Committee has regard to appropriate annual flow-rates so as to ensure that these limits are not breached.</p> <p>Employee Trusts</p> <p>The Company established a Trust to further the interests of the Company, its subsidiaries and shareholders by providing share incentives to employees (including Executive Directors) of any Group company to enable the Group to attract, retain and motivate employees.</p> <p>The 888 Holdings plc Share Plan Trust currently holds 46,432 ordinary shares in the Company.</p> <p>No recovery or withholding applies under the 888 Holdings plc Share Plan Trust.</p>		<p>Whilst not implemented at present, the Remuneration Committee may decide to apply clawback or malus to long term incentive grants to Executive Directors recruited in future, at its discretion and pursuant to the employment agreement of such Executive Director.</p>

Remuneration Component	Purpose	How it operates	Opportunity	Performance Metrics
Long term incentives		<p>Company Shares held by Virtual Share Services Limited</p> <p>A wholly-owned Gibraltar subsidiary of the Company named Virtual Share Services Limited has been established for the purpose of administering certain equity grants under the 888 All-Employee Share Plan including holding shares and paid dividends to satisfy future exercise of options by various group personnel who received such equity awards. As at 31 December 2014, Virtual Share Services Limited held 3,124,612 issued and outstanding Ordinary shares in the Company in order to satisfy vested nil-cost options.</p>		
		<p>888 Long term Incentive Plan</p> <p>All employees and Executive Directors of the Group who are not within six months of their normal retirement age are eligible to participate in the 888 Long term Incentive Plan at the discretion of the Remuneration Committee. As at the date of this report, no awards have been granted pursuant to the 888 Long term Incentive Plan. As set out above, the Company has given long term incentive awards to Executive Directors under the 888 All-Employee Share Plan.</p> <p>Awards and options granted under the 888 Long term Incentive Plan may be satisfied through the issue of new shares. It is intended that grants of options and awards under all employee share schemes utilised by the Company are to be planned so as not to exceed 10% of the issued and outstanding ordinary share capital in any rolling ten year period. The Committee has regard to appropriate annual flow-rates so as to ensure that these limits are not breached.</p>	This plan is presently not in use.	This plan is presently not in use, and the Remuneration Committee does not intend to operate this plan during the life of the remuneration policy.

Directors' Remuneration Report

Remuneration Component	Purpose	How it operates	Opportunity	Performance Metrics
Long term incentives		<p>Phantom Share Award</p> <p>Generally in circumstances where the grant of equity may give rise to dilution in excess of limits set down in institutional investor guidelines, a phantom share award may be granted.</p> <p>Brian Mattingley was granted a phantom share award by the Company pursuant to his employment agreement dated 27 March 2012.</p> <p>The phantom share based award provides that Mr Mattingley will be entitled to a one-time cash sum, on the vesting date of 27 March 2015 provided that he is in employment with the Company at that time. The amount payable is calculated on an incremental basis, based on the average share price of the Company over a period of 20 dealing days prior to the scheduled vesting date for the award. The minimum amount payable is £250,000 and the maximum payable is £5,500,000.</p> <p>Specifically, where the Company's average share price is less than 50p in the 20 dealing days prior to the scheduled vesting date, a minimum award amount of £250,000 is payable. Where the share price is between 50p and 60p, the award payable is calculated on a straight-line basis between £250,000 and £450,000. For each additional 10p above a share price of 60p up to £1, an incremental amount of £200,000 is payable; for each additional 10p above a share price of £1 and up to £1.20, an incremental amount of £300,000 is payable; for each additional 10p above a share price of £1.20 and up to £1.60, an incremental amount of £400,000 is payable; and for each additional 10p above a share price of £1.60 up to £2.00, an incremental amount of £500,000 is payable up to a maximum payment of £5,500,000.</p> <p>The phantom award will also vest if Mr Mattingley leaves employment before the normal vesting date for any reason unless he resigns or the Company dismisses him summarily in accordance with the terms of his contract for example for gross misconduct. The average share price will normally be calculated by reference to the 20 day period up to the date of the termination of employment. However, if the Company has terminated Mr Mattingley's employment under notice, he may request the average share price to be calculated either by reference to the period up to the service of the notice or the normal vesting date of 27 March 2015 as he chooses. If there is a change of control, the average share price will be calculated by reference to the period up to the change of control.</p> <p>The fair value of Mr Mattingley's award at 31 December 2014 has been externally evaluated at £2.2 million, with the Company recording a charge in the amount of £0.3 million in its 2014 (£1.4 million in 2013) accounts in respect of the amount earned in the year.</p>	<p>The maximum amount payable is £5,500,000 for the achievement of an average share price of at least £2.00 over the 20 dealing days prior to 27 March 2015.</p>	<p>Phantom awards are subject to three year cliff vesting, and provide for a one-time cash sum on the vesting date provided that the Executive Director is in employment with the Company at that time.</p> <p>Whilst not implemented at present, the Remuneration Committee may decide to apply clawback or malus to phantom grants to Executive Directors recruited in future, at its discretion and pursuant to the employment agreement of such Executive Director.</p>



Determination of performance measures

The performance measures adopted by the Company in determining the remuneration of its Executive Directors acknowledge that the performance of the Executive Directors is best measured in accordance with the performance of the Company as a whole. For this reason, the Remuneration Policy has regard to various financial measures, including both internal measures such as like-for-like Adjusted EBITDA growth and cumulative growth in Earnings Per Share (adjusted to compare like for like), as well as relative Total Shareholder Return compared to a peer group median, which the Company believes best reflects the interests of shareholders. In general, the Company seeks to remunerate its Executive Directors in line with comparable roles at other companies in the same market, taking into account the scope of roles and responsibilities of the Executive Directors; similarly, the Company seeks to remunerate its employees generally in line with comparable roles of personnel located in comparable locations.

Recruitment of new Directors

The Company is aware of its need to attract and retain new Directors of suitable calibre to its business, and determines the remuneration packages it offers by taking into account the global nature and competitive environment of its business.

The principles to be applied by the Company in agreeing the components of a remuneration package for the appointment of a new Executive Director will include the following:

- In general, the total compensation package offered to a new Executive Director will not exceed the upper quartile total compensation package of the FTSE 250;
- Insofar as practicable, the remuneration proposed for a new Executive Director would be consistent with the "Approved Policy" table set out above;
- In order to secure an appropriate candidate, it may be necessary to offer a higher base salary than that offered to the current Executive Directors;
- There may be a need to compensate a newly recruited Executive Director for forfeiting remuneration from existing employment. The Company may award a newly recruited Executive Director a signing bonus or retention bonus, which may be paid in the form of cash, options and/or shares, and may rely on Listing Rule 9.4.2 to put an appropriate arrangement in place upon recruitment. If the remuneration being forfeited was subject to the achievement of performance conditions the compensation awards will be subject to Company performance conditions and where practicable will mirror the vesting schedule of the remuneration being forfeited;

- The Company will not pay more than is necessary to attract a suitable individual for the role;
- Relocation benefits may be provided where the newly recruited Executive Director is required by the Company to relocate;
- Other benefits may also be payable, including business expense reimbursement, car or car allowance, health insurance (or contribution towards health insurance scheme), pension (or payment in lieu of pension), life insurance, holiday pay, sick pay and other statutory benefits;
- Where an existing employee is promoted to the Board, existing contractual entitlements including any outstanding share and cash awards and pension entitlements will be honoured.
- The Remuneration Committee may negotiate inclusion in a newly recruited Executive Director's employment agreement a clawback and/or malus mechanism as regards short term or long term incentives, and/or a mitigation mechanism regarding short term and/or long term incentive payments made during the Executive Directors' unexpired notice period where such Executive Director is engaged in other employment during such period.
- The Company will make timely disclosure of the remuneration structure of any new Executive Director or chairman in a RIS.

Directors' service agreements and termination benefits

Details of the Directors' Service Agreements are set out in Charts 6(a) and 6(b) on page 46.

It is the Company's policy that each Executive Director's service agreement is terminable on no more than 12 months' written notice by either party; the notice period applying to Brian Mattingley's and Aviad Kobrine's employment is 12 months. Each Executive Director's employment can be terminated by making a payment equal to the salary and pension contributions (if any) and the value of other contractual benefits due to the Executive Director in lieu of any unexpired notice period. The Executive Directors shall continue to be entitled to be paid a bonus and in Brian Mattingley's case, to payment of his phantom share award as described on page 40, in respect of any unexpired part of the notice period even if the employment is terminated by making payment in lieu of notice. No other benefits upon termination of employment are payable. Each Executive Director's employment can be terminated without compensation in circumstances where the employer is entitled to terminate for cause, as defined for the purposes of the service agreement. An Executive Director's entitlement to share awards and share options under the 888 All-Employee Plan on termination of employment are governed by the terms of that plan, pursuant to which, if the termination occurs for various "good reasons" set out in the Plan (details

Directors' Remuneration Report

set out on page 38), any vested but unexercised awards may be exercised or released within six months after such cessation, whilst any unvested portion automatically lapses, unless determined otherwise by the Remuneration Committee. In exercising its discretion, the Remuneration Committee will have regard to the circumstances of the termination and any special circumstances of the Executive Director in determining whether to allow unvested awards to continue to be exercisable for an additional short period.

The Directors' service contracts are available for inspection at the Company's registered office at any time during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted).

Policy on Exit Payments and Loss of Office

The Remuneration Committee will consider a Director's past performance, the circumstances of and the reasons for his departure, prevailing best practice, and any transition / handover required in exercising any discretions relating to his arrangements for loss of office, including his contractual arrangements, his participation in an annual bonus scheme and awards under the 888 All Employee Share Plan, and in Brian Mattingley's case, the Phantom Share Award.

Consideration of Shareholder Views on Remuneration

The Remuneration Committee intends to establish a programme of consultation with significant investors. The Board engages with significant investors regarding remuneration issues and intends to continue doing so.

Consideration of Employee Views on Remuneration

Whilst the Company does not formally consult employees on remuneration, in determining the remuneration policy for executive Directors, the Committee takes account of the policy for employees across the workforce. In particular, when setting base salaries for executives, the Committee compares the salary increases with those for the workforce as a whole.

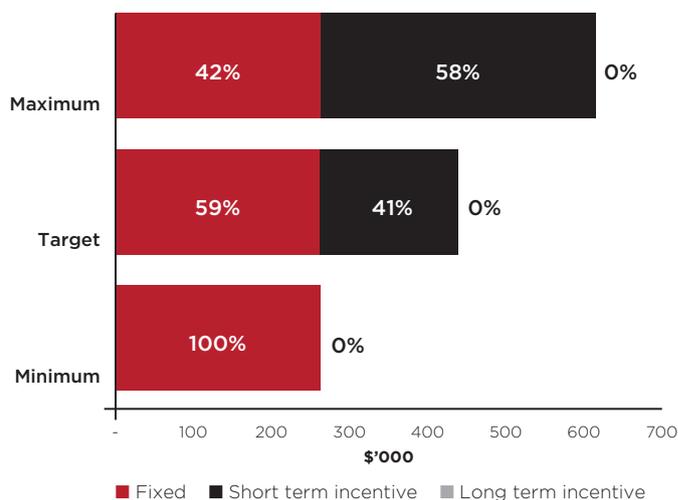
The overall remuneration policy for executive Directors is broadly consistent with the remainder of the workforce. Executive remuneration and remuneration of senior employees is weighted towards performance-related pay; the Company has introduced equity based schemes for senior employees (albeit at lower quantum) which are similar to those of the Directors.

Remuneration Scenarios

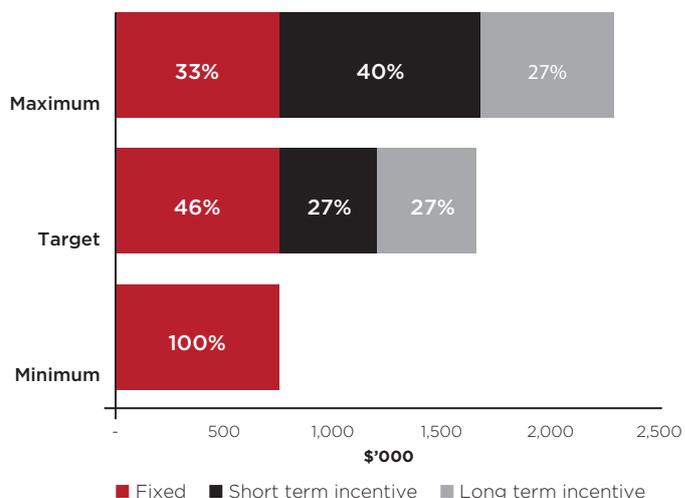
The Company has prepared the following chart regarding 2015 on a voluntary basis for the information of its shareholders. The following charts set out the minimum, target and maximum remuneration presently expected to be payable to each of the Executive Directors in 2015:

Chart 2 – Remuneration Scenarios

Brian Mattingley



Aviad Kobrine



Fixed Salary, Benefits and Pension of Brian Mattingley and Aviad Kobrine are expected to be as follows:

	Brian Mattingley*	Aviad Kobrine
Salary (US\$)	235,338	614,865
Benefits** (US\$)	18,874	49,124
Pension (US\$)	—	92,230
Total Fixed	254,212	756,219

* As from the 2015 Annual General Meeting, Brian Mattingley will be stepping down as Chief Executive Officer, and will be appointed as Executive Chairman of the Board. Brian Mattingley's remuneration as Executive Chairman will be decided by the Remuneration Committee in accordance with the Company's Remuneration Policy at the time of his appointment. At this state, Mr Mattingley's remuneration following such dates is not reflected in the above chart.

** Brian Mattingley will not be provided an accommodation benefit in 2015.



The following assumptions were used in the charts on page 42:

Short Term Incentive: The maximum bonus payable to Executive Directors is equal to one year's salary. Pursuant to the revised Remuneration Policy to be proposed to shareholders at the 2015 Annual General Meeting of the Company, in circumstances of exceptional performance, the Remuneration Committee shall have discretion to grant Executive Directors an additional bonus of up to 50% of base salary. The chart assumes that the Executive Directors' 2015 target performance (which the Board considers stretching) will give rise to entitlement of 75% of the maximum award amount in ordinary circumstances.

Long Term Incentive*: The chart assumes no further phantom grants to Brian Mattingley in 2015, and therefore there is no Long Term Incentive component of Brian Mattingley's compensation in 2015. Aviad Kobrine's nil cost options are granted subject to the performance conditions set out in the Remuneration Policy. The maximum grant to Executive Directors under the 888 All-Employee Share Plan and Remuneration Policy is equal to of up to 100% of such Executive Director's salary converted into shares of the Company by reference to

the prevailing market value of a share at the time of grant. The chart assumes that Aviad Kobrine's 2015 target performance (which the Board considers stretching) will give rise to vesting of 75% of the maximum award amount; With regard to Brian Mattingley, the Company's expectation according to fair value has been used. The chart assumes that the share price remains at the same share price as at 31 December 2014. Finally, it should be noted that the chart shows the potential remuneration opportunity granted in the relevant year rather than what actually vests and is received in such year.

* It is noted for completeness that the Phantom Share Award granted to Brian Mattingley on 27 March 2012 will be fully vested and payable on 27 March 2015. The fair value of Mr Mattingley's award at 31 December 2014 has been externally evaluated at £2.2 million.

Chart 3 – Chairman and Non-executive Directors

Remuneration Component	Purpose	How it operates
Fees	Duly compensate Chairman and Non-executive Directors, taking into account the risks of the role, in order to attract and retain a Chairman and Non-executive Directors of suitable calibre.	The Chairman and the Executive Directors determine the fees paid to the Non-executive Directors. The Chairman's fees are determined by the Remuneration Committee with reference to prevailing fee rates amongst the upper quartile of FTSE 250 companies. Fees paid to the Non-executive Directors are set by reference to an assessment of the time commitment and responsibility associated with each role, and the Remuneration Committee has reference in this respect to prevailing fee rates amongst the upper quartile of FTSE 250 companies. Levels take account of additional demands placed upon individual Non-executive Directors by virtue of their holding particular offices, such as Committee Chairman and/or Deputy Chairman, and travel time to Board meetings at the Group's headquarters in Gibraltar. The fees paid to each Non-executive Director during 2014 are disclosed in the Directors' remuneration summary on page 45.
Other Benefits		The Chairman and the Non-executive Directors are not eligible to participate in any bonus plan, pension plan, share plan, or long term incentive plan of the Company. The Chairman and Non-executive Directors are covered by the Company's directors' & officers' insurance policy and are entitled to indemnification in accordance with the Company's Articles of Association. In addition, the Chairman receives a cash amount covering life insurance and health insurance expenses. The amount paid to the Chairman during 2014 is disclosed in the Directors' remuneration summary on page 45.

Non-executive Directors' appointments, which are for a term of three years, may be terminated by the Company without notice in accordance with the Company's Articles of Association and the Gibraltar Companies Act, except for the Chairman who is required to be given six months' prior written notice of termination. No compensation is payable on the termination of the appointment.

Annual Remuneration Report

The following tables set out the remuneration received by the Executive Directors and Non-executive Directors in 2013 and 2014:

Chart 4a – Single Total Figure (Executive Directors)

		Brian Mattingley (CEO) ¹ (\$'000)	Aviad Kobrine (CFO) ¹ (\$'000)
Salary	2013	590	562
	2014	653	621
Benefits	2013	63	46
	2014	64 ²	52
Short term incentives	2013	622	592
	2014	615	586
Long term incentives	2013	—	—
	2014	—	2,556 ³
Pension	2013	—	84
	2014	—	93
Other items in the nature of remuneration	2013	—	632 ³
	2014	—	562 ³
Total	2013	1,275	1,916
	2014	1,332	4,470

1. Directors remuneration is converted from Sterling into US\$ at the average rate of exchange for the relevant month it was paid save for the annual cash bonus which is converted into US\$ at the year end exchange rate.
2. Brian Mattingley was granted an additional health insurance (BUPA) benefit during 2014. The additional benefit was approved by the Remuneration Committee in order to bring Mr. Mattingley's benefits in line with other Group executives and was considered an immaterial change to his current package of benefits.
3. The value of Company shares held by VSS for future satisfaction of nil-cost options which vested during the relevant period together with dividend paid by the Company to VSS in respect of such shares until exercise of such nil cost options. Awards not subject to performance conditions are included under "Other items in the nature of remuneration" rather than under "Long term incentives".

Salary: In 2014, Brian Mattingley's annual salary was £396,000, and Aviad Kobrine's annual salary was £377,000*. In 2015, Brian Mattingley's and Aviad Kobrine's annual salaries will be as stated on page 44. The increase in salary for each Executive Directors reflects an increase of 5% on the salary for 2014; in line with the Remuneration Policy, in taking this decision the Remuneration Committee had regard to the last reported median salary level of the upper quartile of FTSE 250 companies, and noted that the aforementioned increase in determining base salary did not constitute payment of more than 5% over such last reported upper quartile median. Salary amounts are converted from Sterling into US\$ at the average rate of exchange for the relevant month it was paid save for the annual cash bonus which is converted into US\$ at the year-end exchange rate.

* Part of which is paid by the Company and part by Cassava Enterprises (Gibraltar) Limited.

Benefits: Benefits provided to Brian Mattingley in 2014 include the provision of accommodation and health insurance. Benefits provided to Aviad Kobrine include a car allowance and health, disability and life insurance.

Short term incentives: The sole short term incentives applicable to Brian Mattingley and Aviad Kobrine in 2013 and 2014 were their annual bonuses. In both cases, the performance conditions set out in the Remuneration Policy applied. Threshold performance for 2014 was 5% year on year Adjusted EBITDA Growth and target performance for 2014, which was considered a stretching target, was 15% year-on-year Adjusted EBITDA growth, which would have given rise to payment of 75% of the Executive Directors' bonus opportunity, with 20% year on year Adjusted EBITDA Growth giving rise to payment of the maximum amount of 100% of the Executive Directors' bonuses. In fact, year-on-year Adjusted EBITDA growth for 2014 increased by 33%, thus giving rise to payment of 100% of the Executive Directors' bonuses. The 2014 Adjusted EBITDA performance also exceeded budgeted EBITDA for 2014.



Long term incentives: The long term incentives applicable to Aviad Kobrine in 2013 and 2014 were governed by the 888 All-Employee Share Plan. In 2014, 1,175,373 nil-cost options granted to Aviad Kobrine on 24 May 2011 and due to vest on 24 May 2014 subject to the fulfillment of the performance conditions set out in the Directors' Remuneration Report, vested in full. The performance targets set with regard to vesting of long term incentives in 2014 were calculated as follows:

	Minimum		Maximum		Actual over three year period	
	Performance	Vesting	Performance	Vesting	Performance	Vesting
Annual EPS growth (linear metric, applies to 50% of shares)	5%	25%	20%	100%	83% per annum year on year	100%
TSR (linear metric, applies to 50% of shares)	Median of peer group identified in Remuneration Policy	25%	10% above median of peer group identified in Remuneration Policy	100%	49% above median of peer group identified in Remuneration Policy	100%

As regards Brian Mattingley, the phantom award is due to vest in 2015 and therefore no long term incentive figure appears in the table for 2013 and 2014.

Pensions: In 2014, Brian Mattingley had no pension entitlement from the Company. Aviad Kobrine is entitled to a cash payment in lieu of an annual contribution to his personal pension scheme of 15% of his base salary.

Other items in the nature of remuneration: Aviad Kobrine benefited in 2013 and 2014 from vesting of awards under the 888 All-Employee Share Plan granted to him in previous years. The value of the vested awards is determined in accordance with the share price as of the vesting dates, being £1.60 on 24 May 2013 and £1.27 on 24 May 2014. Awards not subject to performance conditions are included under "Other items in the nature of remuneration" rather than under "Long term incentives".

Chart 4b – Single Total Figure (Non-Executive Directors)

		John Anderson ³ (\$'000)	Amos Pickel (\$'000)	Ron McMillan ² (\$'000)	Richard Kilsby ¹ (\$'000)
Salary	2013	120	120	—	361
	2014	127	127	83	380

1. Richard Kilsby will retire as Chairman from the 2015 Annual General Meeting. Mr. Kilsby's fee includes a cash amount covering life insurance and health insurance expenses.
2. Ron McMillan was appointed to the Board, as Chairman of the Audit Committee and as a member of the Remuneration Committee, with effect as of 15 May 2014.
3. As of the end of the 2015 Annual General Meeting, John Anderson is stepping down as Non-executive Director.

Scheme Interests Awarded

The following table sets out the long term incentives awarded to the Executive Directors under the 888 All-Employee Share Plan in 2014.

Chart 5 – Scheme Interests Awarded

Executive Director	Scheme Interest Award	Face Value of Award (USD)	Percentage receivable on threshold performance	Date on which performance measurement period ends
Aviad Kobrine	Long term incentives— Performance nil cost options	634,193	25%	31 December 2016

Basis of awards: Awards over 248,845 ordinary shares were made in 2014 to Aviad Kobrine (details of the phantom award to Brian Mattingley in 2012 are detailed separately in the Policy Table). The total grant allocation to eligible Executive Directors in 2014 is equal to 100% of such Executive Director's salary converted into shares of the Company by reference to the prevailing market value of a share at the time of grant. The prevailing share price at the date of the award (28 March 2014) was £ 1.54.

Directors' Remuneration Report

Performance conditions: The performance conditions applying to the grants are as set out in the Remuneration Policy. The performance targets applying to Directors' remuneration in 2015 are considered commercially sensitive. The Remuneration Committee intends to disclose these performance targets retrospectively in the 2015 Remuneration Report.

Payments to Past Directors and Payments for Loss of Office

No payments were made by the Company in 2014 to any past Director or for loss of office by any Director.

Directors' Service Contracts

Chart 6a – Directors' Service Contracts (Executive Directors)

Executive Directors

Name	Position	Contracting Party	Service Contract Date	Unexpired Term of Service Contract
Brian Mattingley	Chief Executive Officer	The Company	27/03/2012	Indefinite subject to termination provisions set out in the Service Agreement.
Aviad Kobrine	Chief Financial Officer	The Company	14/09/2005	Indefinite subject to termination provisions set out in the Service Agreement.
Aviad Kobrine	Chief Financial Officer	Cassava Enterprises (Gibraltar) Limited ¹	14/09/2005	Indefinite subject to termination provisions set out in the Service Agreement.

¹ Wholly owned subsidiary of the Company.

Chart 6b – Directors' Service Contracts (Non-executive Directors)

Non-executive Directors

The Chairman and the Non-executive Directors do not have service contracts but have signed Letters of Appointment.

Name	Position	Contracting Party	Letter of Renewal Date	Unexpired Term of Appointment
Richard Kilsby	Chairman	The Company	01/03/2013	Until 01/03/2016, subject to re-election at each Annual General Meeting
Ron McMillan	Non-executive Director	The Company	Appointed effective 15/05/2014	Until 15/05/2017, subject to re-election at each Annual General Meeting
John Anderson	Non-executive Director	The Company	01/03/2013	Until 01/03/2016, subject to re-election at each Annual General Meeting ¹
Amos Pickel	Non-executive Director	The Company	01/03/2013	Until 01/03/2016, subject to re-election at each Annual General Meeting

¹ As of the end of the 2015 Annual General Meeting, John Anderson is stepping down as Non-executive Director.

Directors' Shareholdings and Scheme Interests

The following table sets out the shareholdings and scheme interests held in 2014 by the Executive Directors and Non-executive Directors. No Director is required to own shares in the Company. There have been no changes in Directors' interests in shares of the Company between 31 December 2014 and the date of this Report.

Chart 7 – Directors’ Shareholdings and Scheme Interests

	Share ¹ interests	Unvested options ² with performance conditions	Unvested options ² without performance conditions	Vested unexercised options ² with performance conditions	Vested unexercised options ² without performance conditions	Total
Aviad Kobrine	— ³	1,086,945	235,075	1,269,874	1,420,562	4,012,456
Brian Mattingley	142,857					142,857
Richard Kilsby	114,285					114,285
Amos Pickel	100,000					100,000
John Anderson	138,869					138,869
Ron McMillan	—					—

1. Ordinary shares

2. Nil Cost Options

3. In previous Annual Reports, Aviad Kobrine had erroneously been stated to hold 15,620 ordinary shares in the Company. Following further investigation, the Board acknowledged as of 29 September 2014 that these were in fact nil-cost options granted to Aviad Kobrine on 14 September 2006 and which vested on 14 April 2007, but that they were not in fact exercised. Promptly thereafter, the shares in question reverted to the Company’s ownership as did all dividends paid thereupon.

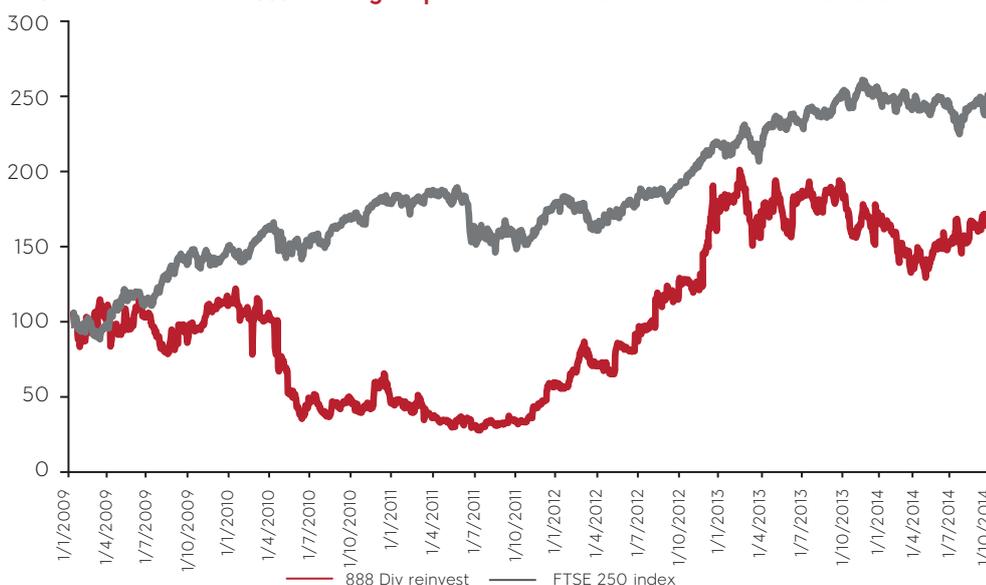
No Director was materially interested during the year in any contract which was significant in relation to the business of the Company.

The parts of the Directors’ Remuneration Report from Chart 4a – Single Total Figure to this point have been audited by EY in accordance with Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended.

Total Shareholder Return

The chart below shows the value of an investment of £100 Sterling in the Company’s shares and in the FTSE 250 Index over a six year period ended 31 December 2014. The Directors have chosen the FTSE 250 Index as the most appropriate comparator index as the Company was a constituent member until October 2006, was included again in that index from February 2008 until 2010, was on the reserve list in 2012, was readmitted as a full member in 2013 and was again excluded in June 2014.

Chart 8 – Value of £100 in 888 over 6 year period ended 31 December 2014 v. FTSE 250 Index



Performance Graph and Table

The following table sets out details of the Chief Executive’s remuneration during the period 1 January 2009 – 31 December 2014. It is noted that Gigi Levy served as Chief Executive of the Company until 30 April 2011 and that Brian Mattingley (then Deputy Chairman) was appointed full-time Chief Executive Officer in March 2012; during the interim period, Brian Mattingley took on certain executive duties.

Directors' Remuneration Report

Chart 9 – CEO Performance

	2009	2010	2011	2012	2013	2014
Total remuneration (\$'000)	1,168	958	3,783	1,060	1,275	1,331
Short term incentives – (% compared to maximum possible)	100%	100%	100%	100%	100%	100%
Long term incentives – (% compared to maximum possible)	68%	—	100%	—	—	—

CEO Remuneration – Percentage Change

The following table sets out the percentage change in salary / fees, benefits and short term incentives from financial year 2013 to financial year 2014, for both the CEO and employees of the Group taken as a whole.

Chart 10 – CEO Remuneration Percentage Change

	Percentage change in CEO (2014 vs. 2013)	Average percentage change for all employees (2014 vs. 2013)
Salary	5%	–3%
Benefits	–5% ¹	0%
Short term incentives	5%	15%

1. During 2013 a one-off lease payment was paid in relation to the CEO's previous apartment. The reduction in overall level of benefits is reflected in the GBP remuneration paid in practice and reflected in this Chart; however it is noted that due to GBP:USD differentials the USD value of benefits paid to Mr. Mattingley in 2014 showed an increase.

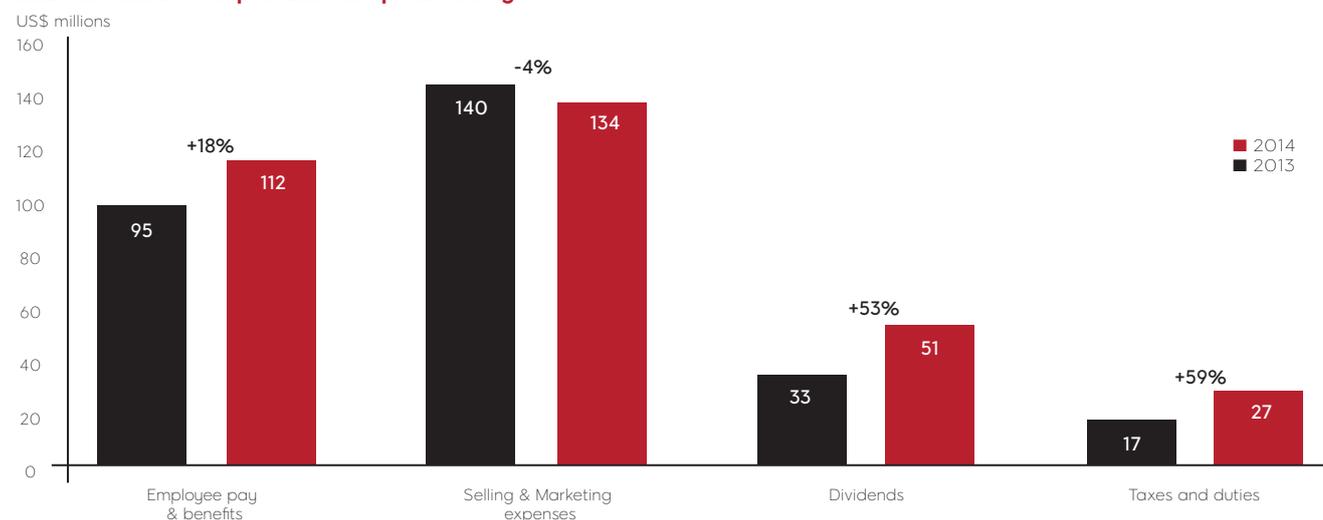
Notes:

- The salary figure includes base salary together with other payments made to the employees (e.g. sick pay, vacation pay), but excluding discretionary bonuses.
- The benefits figure includes benefits granted to employees which are not part of salary (e.g. medical insurance, meals, further education fund).
- Pension amounts are not included in Benefits.
- The short term incentives figure solely includes bonuses, which are based on an estimation by the Company based on the bonus accrual, since bonuses are generally paid to Group employees in April in respect of the previous financial year.
- CEO benefits include the provision of accommodation, as well as health insurance from 1 June 2014.
- Exchange rates were normalized for 2013 in order to neutralise foreign exchange effects.

Relative Importance of Spend on Pay

The following graph sets out the actual expenditure by the Company in financial years 2013 and 2014 on various items, including on remuneration to Group employees.

Chart 11 – Relative Importance of Spend on Pay



The comparables chosen were the following:

- The employee pay figure includes employee benefits in accordance with the financial statements (including both staff costs and share benefit charges).
- Sales and marketing expenses – This reflects the amount invested in development of the future revenue stream of the Group driven by customer acquisition.
- Dividends – This reflects amounts distributed to shareholders.
- Taxes and duties – This is a necessary cost of doing business in a regulated business environment.

Implementation of the Remuneration Policy

The performance targets applying to Directors' remuneration in 2015 are set out on remuneration policy table on page 36.

The salary to be paid to the Executive Directors in 2015 is set out on page 42. Brian Mattingley is entitled in 2015 to health insurance. As from the 2015 Annual General Meeting, Brian Mattingley will be stepping down as Chief Executive Officer, and will be appointed as Executive Chairman of the Board. Discussions regarding Brian Mattingley's remuneration as Executive Chairman are ongoing. Benefits payable to Aviad Kobrine in 2015 will be paid on the same basis as 2014, as set out on page 42. Payment of short term incentives and vesting of long term incentives will occur in accordance with the remuneration policy, and the performance targets set by the Remuneration Committee, as stated above.

Remuneration Committee Advice

The Remuneration Committee consisted solely of independent Non-executive Directors, currently Amos Pickel (Chair), Ron McMillan and John Anderson. As a member of the FTSE 250 Index until June 2014, the Company was required to have three independent Non-executive Directors on its Remuneration Committee. As of the end of the 2015 Annual General Meeting, John Anderson will step down as a Non-executive Director. The Company continues to seek suitably experienced Non-executive Directors to expand its Board and committee membership. Details of attendances at Committee meetings are contained in the statement on Corporate Governance on page 26.

The Remuneration Committee's remit includes such matters as:

- Determining and agreeing with the Board the remuneration policy with regard to the Company's Chairman, Chief Executive Officer, Chief Financial Officer and other members of the executive management;
- Regularly reviewing the ongoing appropriateness and relevance of the Company's remuneration policy;

- Setting and monitoring performance criteria for bonus arrangements operated by the Group ensuring that they represent achievable and motivating rewards for appropriate levels of performance and, where appropriate, are justifiable taking into account the Company's and its Group's overall performance and the corresponding return on shareholders' investment in the same period;
- Recommending to the Board the policy for and scope of pension arrangements for the Executive Directors; and
- In relation to the Company's share option and share award schemes, setting or recommending vesting criteria which are appropriate in terms of the Company's performance and return on shareholders' investment over the same period.

The formal terms of reference of the Remuneration Committee are available on the Company's website, www.888holdingsplc.com.

The Board intends that executive remuneration policies be both formal and transparent. It further acknowledges the importance of taking into consideration independent advice in setting remuneration policies and benefit levels. In 2014, the Remuneration Committee took into consideration advice received in the past from New Bridge Street; however, no additional advice was received during 2014. New Bridge Street does not provide any other services to the Company, and was appointed in the past by the Remuneration Committee as an objective and independent remuneration adviser. No fees were paid by the Company to New Bridge Street in 2014.

Voting at General Meeting

At the Company's last Annual General Meeting, held on 14 May 2014, 92.04% of the votes (232,709,379 votes) were cast for the resolution to approve the Remuneration Report, 7.96% (20,127,376 votes) of the votes were cast against the resolution to approve the Remuneration Report, and 5,523,385 votes were withheld. Similarly, 90.11% of the votes (228,221,653 votes) were cast for the resolution to approve the Remuneration Policy, 9.89% (25,058,248 votes) of the votes were cast against the resolution to approve the Remuneration Policy, and 5,080,239 votes were withheld.

Actions taken by the Directors in 2014 in response to concerns of institutional investor groups included:

- Mr. Ron McMillan was appointed to the Board on 15 May 2014, as Chairman of the Audit Committee and as a member of the Remuneration Committee. In light of Mr. McMillan's strong track record and capabilities, the Board believes that this appointment sends a strong message to institutional investors that it takes seriously the independent elements on its Board and Committees.

Approval

This report was approved by the Board and signed on its behalf by:



Amos Pickel
Chairman of the Remuneration Committee
24 March 2015

Independent Auditor's Report to the Members of 888 Holdings plc

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2014 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Gibraltar Companies Act 1930 (as amended); and
- the financial statements have been prepared in accordance with the requirements of the Gibraltar Companies Act 1930 (as amended), the Gibraltar Companies (Accounts) Act 1999, the Gibraltar Companies (Consolidated Accounts) Act 1999 and Article 4 of the IAS Regulation.

What we have audited

We have audited the financial statements of 888 Holdings plc for the year ended 31 December 2014 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Gibraltar Companies Act 1930 (as amended).

This report is made solely to the Company's members, as a body, in accordance with Section 182 of the Gibraltar Companies Act 1930 (as amended) and our engagement letter dated 1 September 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Statement of Responsibilities set out on page 25, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. The directors are also responsible for the preparation of the Directors' Remuneration Report, which they have chosen to prepare, being under no obligation to do so under Gibraltar law and the preparation of the Corporate Governance Report and statement on going concern under the Listing Rules. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

In addition the Company has also instructed us to:

- report as to whether the information given in the Corporate Governance Report with respect to internal control and risk management systems in relation to financial reporting processes and share capital structures is consistent with the financial statements;
- report as to whether the section of the Directors' Remuneration Report that is described as audited has been properly prepared in accordance with the basis of preparation described therein; and
- review the directors' statement in relation to going concern as set out on page 29, which for a premium listed UK incorporated company is specified for review by the Listing Rules of the Financial Conduct Authority.

Our assessment of risk of material misstatement and response to that risk

The table below shows the risks we identified that have had the greatest effect on the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team together with our audit response to the risk:

Risk	Response
<p>Revenue recognition</p> <p>The Group makes a number of judgements in recognising revenue, principally in respect of whether the Group is acting as a principal or an agent with its B2B customers and whether certain customer bonuses are treated as a deduction from revenue or as a cost. There is a risk that revenue is overstated in the Group financial statements.</p>	<ul style="list-style-type: none"> ○ We documented and tested the key IT general, application and manual controls over the Group's principal gaming systems. We then applied IT-based auditing techniques to re-perform the reconciliation between the Group's gaming revenue, cash and customer accounts. ○ We challenged management's judgements in respect of whether in its B2B contracts with customers the Group was acting as a principal or an agent by reviewing the Group's contractual arrangements in the context of the guidance in IAS 18. We also challenged the treatment of certain customer bonuses by considering the customer's contractual obligations in respect of these bonuses. ○ We used analytical procedures to compare revenue to our expectations, which were set on the basis of our understanding of the Group and the industry. This enabled us to identify any unusual trading patterns and to perform additional substantive audit and cut-off procedures on a sample of transactions.
<p>Regulatory and legal risks</p> <p>Given the industry and jurisdictions in which the Group operates, as described in the Principal Risks and Uncertainties on page 19, there is a risk that the Group will fail to obtain an appropriate licence, have an existing licence adversely affected or be subject to other regulatory sanctions. This gives rise to a risk over the completeness of provisions and disclosure of contingent liabilities.</p>	<ul style="list-style-type: none"> ○ We inquired of management and the Group's legal advisers about any known instances of material breaches in regulatory or licence compliance that needed to be disclosed or required provisions to be recorded. ○ We challenged any provisions recorded or contingent liabilities disclosed in the consolidated financial statements based on the correspondence with regulators and any legal advice the Group has received. ○ We understood the Group's process and related controls over the identification and mitigation of regulatory and legal risks, and assessed whether the controls are designed effectively to achieve this.
<p>Capitalisation of development costs</p> <p>The capitalisation of costs associated with the development of the Group's systems, in accordance with the criteria set out in IFRS, involves significant management judgement and is therefore an area of focus for our audit. There is a risk that costs are capitalised inappropriately, improving the Group's profitability.</p>	<ul style="list-style-type: none"> ○ We understood and tested the process and key controls over the Group's capitalisation of internal development costs, including its payroll and purchasing systems. ○ For development projects capitalised in the year, we challenged whether the Group met the conditions set out in IAS 38 for capitalisation and tested on a sample basis external supplier and internal payroll costs capitalised.
<p>Taxation</p> <p>The Group operates in a number of countries, resulting in complexities in the payment of and accounting for tax. The Group faces a risk that given the international nature of its operations, material tax exposures may not be appropriately provided or disclosed in the financial statements.</p>	<ul style="list-style-type: none"> ○ We discussed with management and its legal advisers, with support from our tax experts, how the Group manages and controls the companies in countries in which it operates. ○ We obtained and read the results of the third party tax studies obtained by the Group and reviewed its correspondence with the relevant tax authorities, in order to support the tax position of the Group. ○ With support from our international tax experts we understood management's interpretation and application of relevant tax law and challenged the appropriateness of its assumptions and estimates in relation to provisions and contingent liabilities.

Independent Auditor's Report to the Members of 888 Holdings plc

Risk

Impairment of assets

The Group applies judgement and estimates in its assessment of the carrying value of its goodwill and other non-current assets. These include goodwill arising from previous acquisitions and capitalised development costs relating to activities in a number of jurisdictions. There is a risk that impairments in the value of the Group's assets are not identified.

Response

- We challenged the inputs and assumptions to management's discounted cash flow models to support its impairment tests. These included management's cash flow forecasts, operating margins and long-term growth rates, which we compared to the Group's historical performance and forecasting accuracy, and the discount rates applied in the context of externally available data and benchmarking studies.
- We challenged management's sensitivity analysis to focus on those assumptions to which these valuations were more sensitive and considered the appropriateness of the disclosures in note 10 to the consolidated financial statements given the requirements of IAS 36.

Our application of materiality

We determined materiality for the Group to be US\$3.4 million (2013: US\$4.0 million), which is approximately 5% of profit before tax and below 2% of equity. We used profit before tax as the basis for determining materiality as it is a key measure for the Group's shareholders to assess its financial performance. This provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that overall performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Group should be 50% of planning materiality, namely US\$1.7 million. Our objective in adopting this approach was to ensure that total uncorrected and undetected audit differences in all accounts did not exceed our materiality level.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of US\$145,000 as well as differences below that threshold that, in our view warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in the light of other relevant qualitative considerations.

An overview of the scope of our audit

The Group operates from a small number of locations and as an online gaming operator the Group's accounting is centrally managed. For the purposes of our Group audit, we determined that there were two components, one being a subsidiary in Israel and the other being the remainder of the Group. The Israeli subsidiary was subject to a full scope audit by a component team in Israel and the remainder of the Group was audited by the Group audit team. The components we audited therefore account for the entirety of the Group's revenue, profit before tax and total assets. This provided us with an appropriate basis for undertaking audit work to address the risks of material misstatement identified above.

Audit work at the Israeli subsidiary is undertaken based on a percentage of our total performance materiality. The performance materiality set for that component is based on its relative size and our view of the risk of misstatement at that component. In the current year the performance materiality allocated to the Israeli subsidiary was US\$0.7 million.

The Group audit team followed a programme of planned visits that has been designed to ensure that the Gibraltar statutory audit partner and the UK audit partner visited the Group's key locations, including the Israeli subsidiary, at the planning, interim and year end phases of the audit. During these visits the Group audit team attended audit planning and closing meetings, the Group's Audit Committee meetings and conducted and reviewed audit work. For the Israeli subsidiary, in addition to the location visits the Group audit team reviewed key working papers and participated in the component team's planning, including its discussion of fraud and error. The allocation of responsibilities between the Group audit team and the Israeli component team was such that the audit work on each of the areas of risk described above was led by the Group audit team.

Opinion on other matters prescribed by the Gibraltar Companies Act 1930 (as amended)

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

Opinion on other matters as per the terms of our engagement with the Company

In our opinion:

- the information given in the Corporate Governance Report with respect to internal control and risk management systems in relation to financial reporting processes and share capital structures is consistent with the financial statements; and
- the section of the Directors' Remuneration Report that is described as audited has been properly prepared in accordance with the basis of preparation described therein.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report and Accounts is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- is otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the Annual Report and Accounts is fair, balanced and understandable and whether the Annual Report and Accounts appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed.

Under the Gibraltar Companies Act 1930 (as amended) we are required to report to you if, in our opinion:

- the Company has not kept proper accounting records; or
- if information specified by law regarding directors' remuneration and other transactions is not disclosed; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the part of the Corporate Governance Report relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

The Company has voluntarily complied with, and has instructed us to review, the directors' statement, set out on page 29, in relation to going concern. This statement is specified for review by the Listing Rules of the Financial Conduct Authority for premium listed UK incorporated companies.

Cameron Cartmell (Non-Statutory Auditor)

Ernst & Young LLP
London
24 March 2015

Jose Julio Pisharello (Statutory Auditor)

For and on behalf of EY Limited, Registered Auditors
Regal House
Queensway
Gibraltar
24 March 2015

Consolidated Income Statement

For the year ended 31 December 2014

	Note	2014 US\$ million	2013 US\$ million
Revenue	3	454.7	400.5
Operating expenses		149.3	128.0
Gaming duties		15.8	13.7
Research and development expenses		40.7	30.7
Selling and marketing expenses		133.8	139.9
Administrative expenses		35.1	32.0
Operating profit before share benefit charges		81.7	61.7
Share benefit charges	21	(1.7)	(5.5)
Operating profit	4	80.0	56.2
Finance income	6	0.3	7.2
Finance expenses	6	(4.8)	(7.5)
Movement in contingent consideration		0.1	(0.5)
Profit on acquisition of equity accounted joint ventures	12	—	1.9
Share of post-tax loss of equity accounted joint ventures	12	(7.7)	(4.1)
Profit before tax		67.9	53.2
Taxation	7	11.0	3.2
Profit after tax for the year attributable to equity holders of the parent		56.9	50.0
	Note	2014 US\$	2013 US\$
Earnings per share	8		
Basic		16.1¢	14.2¢
Diluted		15.9¢	14.0¢

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2014

	Note	2014 US\$ million	2013 US\$ million
Profit for the year		56.9	50.0
Items that may be reclassified subsequently to profit or loss			
Group share of equity injections by joint venture partner in equity accounted joint ventures	12	3.8	6.1
Exchange differences on translation of foreign operations		(0.5)	—
Items that will not be reclassified to profit or loss			
Remeasurement of severance pay liability	5	(0.3)	(0.5)
Total other comprehensive income for the year		3.0	5.6
Total comprehensive income for the year attributable to equity holders of the parent		59.9	55.6

The notes on pages 58 to 87 form part of these consolidated financial statements.

Consolidated Balance Sheet

At 31 December 2014

	Note	2014 US\$ million	2013 US\$ million
Assets			
Non-current assets			
Goodwill and other intangible assets	10	157.2	155.7
Property, plant and equipment	11	15.5	19.1
Investment in equity accounted joint ventures	12	—	3.9
Non-current receivables	16	0.7	—
Available for sale investment		0.2	0.2
Deferred taxes assets	13	0.5	1.2
		174.1	180.1
Current assets			
Cash and cash equivalents	14	163.1	115.8
Short term investments	15	—	3.9
Trade and other receivables	16	30.0	31.4
Income tax receivable		—	1.0
		193.1	152.1
Total assets		367.2	332.2
Equity and liabilities			
Equity attributable to equity holders of the parent			
Share capital	17	3.2	3.2
Share premium		1.3	0.9
Retained earnings		180.6	170.6
Total equity attributable to equity holders of the parent		185.1	174.7
Liabilities			
Current liabilities			
Trade and other payables	18	104.1	92.5
Derivative financial instruments	24	2.5	4.2
Income tax payable		4.6	1.9
Customer deposits	19	67.5	55.4
Contingent consideration		—	0.4
Share benefit charges - cash settled	21	3.4	—
		182.1	154.4
Non-current liabilities			
Share benefit charges - cash settled	21	—	3.1
Total liabilities		182.1	157.5
Total equity and liabilities		367.2	332.2

The consolidated financial statements on pages 54 to 87 were approved and authorised for issue by the Board of Directors on 24 March 2015 and were signed on its behalf by:



Brian Mattingley
Chief Executive Officer



Aviad Kobrine
Chief Financial Officer

The notes on pages 58 to 87 form part of these consolidated financial statements

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Share capital US \$ million	Share premium US \$ million	Retained earnings US \$ million	Foreign currency translation reserve US \$ million	Total US \$ million
Balance at 1 January 2013	3.2	0.1	144.9	—	148.2
Profit after tax for the year attributable to equity holders of the parent	—	—	50.0	—	50.0
Other comprehensive income for the year	—	—	5.6	—	5.6
Total comprehensive income	—	—	55.6	—	55.6
Dividend paid (note 9)	—	—	(33.2)	—	(33.2)
Equity settled share benefit charges (note 21)	—	—	3.3	—	3.3
Issue of shares (note 17)	—	0.8	—	—	0.8
Balance at 31 December 2013	3.2	0.9	170.6	—	174.7
Profit after tax for the year attributable to equity holders of the parent	—	—	56.9	—	56.9
Other comprehensive income for the year	—	—	3.5	(0.5)	3.0
Total comprehensive income	—	—	60.4	(0.5)	59.9
Dividend paid (note 9)	—	—	(51.2)	—	(51.2)
Equity settled share benefit charges (note 21)	—	—	1.3	—	1.3
Issue of shares (note 17)	—	0.4	—	—	0.4
Balance at 31 December 2014	3.2	1.3	181.1	(0.5)	185.1

The following describes the nature and purpose of each reserve within equity.

Share capital — represents the nominal value of shares allotted, called-up and fully paid.

Share premium — represents the amount subscribed for share capital in excess of nominal value.

Retained earnings — represents the cumulative net gains and losses recognised in the consolidated statement of comprehensive income and other transactions with equity holders.

Foreign currency translation reserve — represents exchange differences arising from the translation of all Group entities that have functional currency different from US Dollars.

The notes on pages 58 to 87 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	Note	2014 US\$ million	2013 US\$ million
Cash flows from operating activities			
Profit before tax		67.9	53.2
Adjustments for:			
Depreciation	11	9.0	8.3
Amortisation and impairment charges	10	10.0	5.6
Interest income	6	(0.3)	(0.3)
Fair value movements on unrealised foreign exchange derivatives	6	(1.7)	7.5
Share of post- tax loss of equity accounted joint ventures	12	7.7	4.1
Profit on acquisition of equity accounted joint ventures	12	—	(1.9)
Movement in contingent consideration		(0.1)	0.5
Share benefit charges	21	1.7	5.5
		94.2	82.5
Decrease (increase) in trade receivables	16	1.6	(0.7)
Decrease (increase) in other accounts receivables	16	3.6	(2.0)
Increase in customer deposits	19	8.1	5.9
Increase in trade and other payables	18	12.5	8.8
Cash generated from operations		120.0	94.5
Income tax paid		(8.1)	(4.3)
Net cash generated from operating activities		111.9	90.2
Cash flows from investing activities			
Consideration paid on acquisitions		(0.3)	(0.8)
Purchase of property, plant and equipment	11	(5.5)	(9.1)
Decrease (increase) in short term investments	15	3.9	(0.4)
Interest received	6	0.3	0.3
Acquisition of intangible assets	10	(2.9)	(0.8)
Internally generated intangible assets	10	(8.6)	(12.7)
Net cash used in investing activities		(13.1)	(23.5)
Cash flows from financing activities			
Issue of shares	17	0.4	0.8
Dividends paid	9	(51.2)	(33.2)
Net cash used in financing activities		(50.8)	(32.4)
Net increase in cash and cash equivalents		48.0	34.3
Net foreign exchange difference		(0.7)	—
Cash and cash equivalents at the beginning of the year	14	115.8	81.5
Cash and cash equivalents at the end of the year¹	14	163.1	115.8

1. Cash and cash equivalents includes restricted cash of \$4.9 million (2013: \$4.6 million).

The notes on pages 58 to 87 form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 General information

Company description and activities

888 Holdings Public Limited Company (the 'Company') and its subsidiaries (together the 'Group') was founded in 1997 in the British Virgin Islands and since 17 December 2003 has been domiciled in Gibraltar (Company number 90099). On 4 October 2005, the Company listed on the London Stock Exchange.

The Group is the owner of innovative proprietary software solutions providing a range of virtual online gaming services over the internet, including Casino and games, Poker, Bingo and Emerging Offerings (mainly comprising 888's Sportsbook), brand licencing revenue on third party platforms and Mytopia social games. These services are provided to end users and to business partners through its business to business unit, Dragonfish. In addition, the Group provides payment services, customer support and online advertising.

Definitions

In these financial statements:

The Company	888 Holdings Public Limited Company.
The Group	888 Holdings Public Limited Company and its subsidiaries.
Subsidiaries	Companies over which the Company has control (as defined in IFRS 10 - Consolidated Financial Statements) and whose accounts are consolidated with those of the Company.
Related parties	As defined in IAS 24 — Related Party Disclosures.
Jointly controlled entities	As defined in IFRS 11 — Joint Arrangements.

2 Significant accounting policies

The significant accounting policies applied in the preparation of the consolidated financial statements are as follows:

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ('IFRSs'), including International Accounting Standards ('IAS') and Interpretations adopted by the International Accounting Standards Board ('IASB') and endorsed for use by companies listed on an EU regulated market. The consolidated financial statements have been prepared on a historical cost basis, except for available for sale investments and derivative financial instruments, which have been measured at fair value.

The consolidated financial statements are presented in US Dollars (US\$ million) because that is the currency the Group primarily operates in.

The consolidated financial statements comply with the Gibraltar Companies (Accounts) Act 1999, the Gibraltar Companies (Consolidated Accounts) Act 1999 and the Gibraltar Companies Act 1930 (as amended).

The significant accounting policies applied in the consolidated financial statements in the prior year have been applied consistently in these consolidated financial statements, without any material changes. The following standards, interpretations and amendments, issued by the IASB or the International Financial Reporting Interpretations Committee ('IFRIC'), have been adopted by the Group during the year with no significant impact on its consolidated results or financial position:

- IFRS 10 — Consolidated Financial Statements and IAS 27 — Separate Financial Statements — IFRS 10 establishes a single control model that applies to all entities, including special purpose entities. As a consequence, IAS 27 was renamed Separate Financial Statements and has been limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The changes introduced by IFRS 10 required management to reconsider which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. No differences were identified (effective for accounting periods beginning on or after 1 January 2014).
- IFRS 11 — Joint Arrangements and IAS 28 — Investments in Associates and Joint Ventures — IFRS 11 removes the option to account for jointly-controlled entities using proportionate consolidation. Instead, entities that meet the definition of a joint venture, based on rights to net assets only, must be accounted for using the equity method. IAS 28 has been renamed Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates (effective for accounting periods beginning on or after 1 January 2014).

- IFRS 12 — Disclosure of Interests in Other Entities — IFRS 12 includes all of the disclosures required by IFRS 10, IAS 27, IAS 28 and IFRS 11 in one standard. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required including how the entity determines that it controls another entity where judgement is used (effective for accounting periods beginning on or after 1 January 2014).
- Amendments to IFRS 10, IFRS 12 and IAS 27 — Investment Entities — These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements. These amendments have no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under IFRS 10 (effective for accounting periods beginning on or after 1 January 2014).
- Amendments to IAS 32 — Offsetting Financial Assets and Financial Liabilities — These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangements (effective for accounting periods beginning on or after 1 January 2014).
- Amendments to IAS 36 — Recoverable Amount Disclosures for Non-Financial Assets — These amendments clarify the disclosure requirements in respect of fair value less costs of disposal, removing the requirement to disclose the recoverable amount for each cash-generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit is significant. These amendments have no impact on the Group as it uses value in use in its impairment testing (effective for accounting periods beginning on or after 1 January 2014).
- Amendments to IAS 39 — Novation of Derivatives and Continuation of Hedge Accounting — These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Group as the Group does not apply hedge accounting (effective for accounting periods beginning on or after 1 January 2014).
- IFRIC 21 Levies — Clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Group as it has applied the recognition principles under IAS 37 Provisions, Contingent Liabilities and Contingent Assets consistent with the requirements of IFRIC 21 in prior years (effective for accounting periods beginning on or after 1 January 2014).

The following standards, interpretations and amendments issued by the IASB or IFRIC have not been adopted by the Group as they were not effective for the year. The Group is currently assessing the impact these standards, interpretations and amendments will have on the presentation of, and recognition in, its consolidated results in future periods:

- Amendments to IAS 19 — Defined Benefit Plans: Employee Contributions (effective for accounting periods beginning on or after 1 July 2014).
- Amendments to IAS 1 — Disclosure Initiative (effective for accounting periods beginning on or after 1 January 2016).
- Amendments to IAS 16 and IAS 38 — Clarification of Acceptable Methods of Depreciation and Amortisation (effective for accounting periods beginning on or after 1 January 2016).
- Amendments to IAS 16 and IAS 41 — Agriculture: Bearer Plants (effective for accounting periods beginning on or after 1 January 2016).
- Amendments to IAS 27 — Equity Method in Separate Financial Statements (effective for accounting periods beginning on or after 1 January 2016).
- Amendments to IFRS 10, IFRS 12 and IAS 28 — Investment Entities: Applying the Consolidation Exception (effective for accounting periods beginning on or after 1 January 2016).
- Amendments to IFRS 10 and IAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for accounting periods beginning on or after 1 January 2016).

Notes to the Consolidated Financial Statements

2 Significant accounting policies (continued)

- Amendments to IFRS 11 — Accounting for Acquisitions of Interests in Joint Operations (effective for accounting periods beginning on or after 1 January 2016).
- IFRS 14 — Regulatory Deferral Accounts (effective for accounting periods beginning on or after 1 January 2016).
- IFRS 15 - Revenue from Contracts with Customers (effective for accounting periods beginning on or after 1 January 2017).
- IFRS 9 - Financial Instruments (effective for accounting periods beginning on or after 1 January 2018).

Critical accounting estimates and judgments

The preparation of consolidated financial statements under IFRS requires the Group to make estimates and judgments that affect the application of policies and reported amounts. Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Included in this note are accounting policies which cover areas that the Directors consider require estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities in the future. These policies together with references to the related notes to the financial statements, which include further commentary on the nature of the estimates and judgments made, can be found below:

Revenue

The Group applies judgement in determining whether it is acting as a principal or an agent where it provides services to business partners through its business to business unit. In making these judgements the Group considers, by examining each contract with its business partners, which party has the primary responsibility for providing the services and is exposed to the majority of the risks and rewards associated with providing the services, as well as if it has latitude in establishing prices, either directly or indirectly. This is described in further detail in the revenue accounting policy set out below.

Taxation

Due to the international nature of the Group and the complexity of tax legislation in the jurisdictions in which it operates, the Group applies judgement in estimating the likely outcome of tax matters and the resultant provision for income taxes. In making that judgement, the Group makes assumptions regarding the interpretation and application of tax laws to the circumstances of those specific items. The Group believes that its accruals for tax liabilities are appropriate based on its assessment of many factors, including past experience and these interpretations of tax law.

Impairment of goodwill and other intangible assets

Determining whether goodwill or intangible assets with indefinite lives are impaired requires an estimation of the value in use of the cash-generating units to which the goodwill or intangible assets have been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. For further information see note 10.

Internally generated intangible assets

Costs relating to internally generated intangible assets, are capitalised if the criteria for recognition as assets are met. The initial capitalisation of costs is based on management's judgment that technological and economic feasibility criteria are met. In making this judgement, management considers the progress made in each development project and its latest forecasts for each project. Other expenditure is charged to the consolidated income statement in the year in which the expenditure is incurred. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. For further information see note 10.

Investment in equity accounted joint ventures

The Group's share of results of joint ventures is included in the consolidated income statement using the equity method of accounting. Investments in joint ventures are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the entity less any impairment in value. If the Group's share of losses in the joint venture equals or exceeds its investment in the joint venture, the Group does not recognise further losses. The Group also applies judgement in determining the appropriate accounting treatment for its share of equity contributions made by its joint venture partners. For further information see note 12.

Contingent liabilities and regulatory matters

The Group makes a number of judgements in respect of the disclosure of contingent liabilities for regulatory matters. These are described in further detail in note 26.

2 Significant accounting policies (continued)

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. The subsidiaries are companies controlled by 888 Holdings Public Limited Company. Control exists where the Company has power over an entity; exposure, or rights, to variable returns from its involvement with an entity; and the ability to use its power over an entity to affect the amount of its returns. Subsidiaries are consolidated from the date the parent gained control until such time as control ceases.

The financial statements of subsidiaries are included in the consolidated financial statements using the purchase method of accounting. On the date of the acquisition, the assets and liabilities of a subsidiary are measured at their fair values and any excess of the fair value of the consideration over the fair values of the identifiable net assets acquired is recognised as goodwill.

Intercompany transactions and balances are eliminated on consolidation.

The financial statements of subsidiaries are prepared for the same reporting period as the Parent Company and using consistent accounting policies.

Revenue

Revenue is recognised provided that it is probable that 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 occurred after deduction of certain promotional bonuses granted to customers and after adding the management fees and charges applied to customer accounts, and is measured at the fair value of the consideration received or receivable.

Revenue consists of income from online activities and income generated from foreign exchange commissions on customer deposit and withdrawals and account fees, which is allocated to each reporting segment.

Revenue from online activities comprises:

Casino and Bingo

Casino and Bingo online gaming revenue is represented by the difference between the amounts of bets placed by customers less amounts won.

Poker

Poker online gaming revenue represents the commission charged from each poker hand in ring games and entry fees for participation in Poker tournaments. In Poker tournaments entry fee revenue is recognised when the tournament has concluded.

Emerging Offerings

Revenue from Emerging Offerings is mainly comprised of Sportsbook, Social games and brand licensing on third party platforms.

- Sportsbook online gaming revenue comprises bets placed less payouts to customers, adjusted for the fair value of open betting positions.
- Social games revenue comprises the Group's share from the sale of virtual goods to customers playing the Group's games.
- Revenue derived from brand licensing on third party platforms represents the Group's net revenue share from that activity.

Notes to the Consolidated Financial Statements

2 Significant accounting policies (continued)

B2B

For services provided to business partners through its business to business unit, the Group considers whether for each customer it is acting as a principal or as an agent by considering which party has the primary responsibility for providing the services and is exposed to the majority of the risks and rewards associated with providing the services, as well as if it has latitude in establishing prices, either directly or indirectly

- Where the Group is considered to be the principal, income is recognised as the gross revenue generated from use of the Group's platform in online gaming activities with the partners' share of the revenue charged to operating expenses.
- In other cases income is recognised as the Group share of the net revenue generated from use of the Group's platform.
- B2B also includes fees from the provision of certain gaming related services to partners.
- Customer advances received are treated as deferred income within current liabilities and released as they are earned.

Operating expenses

Operating expenses consists primarily of staff costs, payment service providers' commissions, chargebacks, commission and royalties payable to third parties, all of which are recognised on an accruals basis, and depreciation and amortisation.

Administrative expenses

Administrative expenses consist primarily of staff costs and corporate professional expenses, both of which are recognised on an accruals basis.

Foreign currency

Monetary assets and liabilities denominated in currencies other than the functional currency of the relevant company are translated into that functional currency using year-end spot foreign exchange rates. Non-monetary assets and liabilities are translated using exchange rates prevailing at the dates of the transactions. Exchange rate differences on foreign currency transactions are included in financial income or financial expenses in the consolidated income statement, as appropriate.

The results and financial position of all Group entities that have a functional currency different from US Dollars are translated into the presentation currency at foreign exchange rates as set out below. Exchange differences arising, if any, are recorded in the consolidated statement of comprehensive income as a component of other comprehensive income.

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet; and
- income and expenses for each income statement are translated at an average exchange rate (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).

Taxation

The tax expense represents tax payable for the year based on currently applicable tax rates.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs from its tax base. They are accounted for using the balance sheet liability method. Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profits will be available against which the difference can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax liabilities/assets are settled/recovered.

Intangible assets

Acquired intangible assets

Intangible assets acquired separately consist mainly of software licences and domain names are capitalised at cost. Those acquired as part of a business combination are recognised separately from goodwill if the fair value can be measured reliably. These intangible assets are amortised over the useful life of the assets, which for software licences is between one and five years and for domain names is five years.

2 Significant accounting policies (continued)

Internally generated intangible assets

Expenditure incurred on development activities of gaming platform is capitalised only when the expenditure will lead to new or substantially improved products or processes, the products or processes are technically and commercially feasible and the Group has sufficient resources to complete development. All other development expenditure is expensed. Subsequent expenditure on intangible assets is capitalised only where it clearly increases the economic benefits to be derived from the asset to which it relates. The Group estimates the useful life of these assets as between three and five years, except for certain licence costs which are amortised over either the life of the licence, or up to 20 years, whichever is the shorter period.

Goodwill and business combinations

Goodwill represents the excess of the fair value of the consideration in a business combination over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities acquired. Consideration comprises the fair value of any assets transferred, liabilities assumed and equity instruments issued.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated income statement and not subsequently reversed. Where the fair values of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated income statement on the acquisition. Changes in the fair value of the contingent consideration are charged or credited to the consolidated income statement. In addition, the direct costs of acquisition are charged immediately to the consolidated income statement.

Property, plant and equipment

Property, plant and equipment is stated at historic cost less accumulated depreciation. Assets are assessed at each balance sheet date for indicators of impairment.

Depreciation is calculated using the straight-line method, at annual rates estimated to write off the cost of the assets less their estimated residual values over their expected useful lives. The annual depreciation rates are as follows:

IT equipment	33%
Office furniture and equipment	7-15%
Motor vehicles	15%
Leasehold improvements	Over the shorter of the term of the lease or useful lives

Impairment of non-financial assets

Impairment tests on goodwill are undertaken annually on 31 December, and where applicable an impairment loss is recognised immediately in the consolidated income statement. 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 (being the higher of value in use and fair value less costs to sell), the asset is written down accordingly through the consolidated income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash generating unit (i.e. the smallest group of assets to which the asset belongs for which there are separately identifiable and largely independent cash inflows).

Investment in equity accounted joint ventures

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Joint ventures are accounted for using the equity method and are recognised initially at cost. The Group's share of post-acquisition profits and losses is recognised in the consolidated income statement, except that losses in excess of the Group's investment in the joint ventures are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its joint ventures are recognised only to the extent of unrelated investors' interests in the joint ventures. The investor's share in the joint ventures' profits and losses resulting from these transactions is eliminated against the carrying value of the joint ventures.

Any premium paid for a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the joint venture. Where there is objective evidence that the investment in a joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets, and any charge or reversal of previous impairments is taken to the consolidated income statement.

Notes to the Consolidated Financial Statements

2 Significant accounting policies (continued)

Where amounts paid for a joint venture are in excess of the Group's share of the fair value of net assets acquired, the excess is recognised as negative goodwill and released to the consolidated income statement immediately.

The Group's share of additional equity contributions from other joint venture partners is taken to the consolidated statement of comprehensive income.

Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost and principally comprise amounts due from credit card companies and from e-payment companies. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is objective evidence that the full amount may not be collected.

Fair value measurement

The Group measures certain financial instruments, including derivatives and available for sale investments, at fair value at each balance sheet date. The fair value related disclosures are included in notes 24 and 25. Fair value is the price that would be received or paid in an orderly transaction between market participants at a particular date, either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for that asset or liability accessible to the Group.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Derivative financial instruments

The Group enters into contracts for derivative financial instruments such as forward currency contracts to hedge operational risks associated with foreign exchange rates. Such derivative financial instruments are measured at fair value under IAS 39 and are carried in the consolidated balance sheet as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in the fair values of derivatives are recorded immediately in the consolidated income statement.

The fair value measurement hierarchy is based on the inputs to valuation techniques used to measure fair value. The inputs are categorised into three levels, with the highest level (level 1) given to inputs for which there are unadjusted quoted prices in active markets for identical assets or liabilities and the lowest level (level 3) given to unobservable inputs. Level 2 inputs are directly or indirectly observable inputs other than quoted prices.

Short-term investments

Short-term investments are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are initially recognised at fair value, plus transaction costs directly attributable to their acquisition. They are subsequently carried at amortised cost using the effective interest rate method, less any provisions for impairment.

Cash and cash equivalents

Cash comprises cash in hand and balances with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash. They include short-term deposits originally purchased with maturities of three months or less.

Equity

Equity issued by the Company is recorded as the proceeds received from the issue of shares, net of direct issue costs.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost.

Liabilities to customers

Liabilities to customers comprise the amounts that are credited to customers' bankroll (the Group's electronic 'wallet'), including provision for bonuses granted by the Group, less management fees and charges applied to customer accounts, along with full progressive provision for jackpots. These amounts are repayable in accordance with the applicable terms and conditions.

Leases

Leases are classified as finance leases wherever the terms of the lease transfer substantially all the risks and rewards of ownership to the Group. All other leases are classified as operating leases and rentals payable are charged to the consolidated income statement on a straight-line basis over the term of the lease.

2 Significant accounting policies (continued)

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 benefits that can be reasonably estimated.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity Shareholders, this is when declared by the Board of Directors. In the case of final dividends, this is when approved by the Shareholders at the Annual General Meeting.

Share benefit charges

Equity-settled

Where the Company grants its employees or contractors shares or options, the cost of those awards, recognised in the consolidated income statement over the vesting period with a corresponding increase in equity, is measured with reference to the fair value at the date of grant. Market performance conditions are taken into account in determining the fair value at the date of grant. Non-market performance conditions, including service conditions, are taken into account by adjusting the number of instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of instruments that eventually vest.

Cash-settled

For transactions treated as cash-settled share benefit charges, the Company recognises an expense in the consolidated income statement and a corresponding liability as the employees render services.

Until the liability is settled, the Company measures the fair value of the liability at each reporting date and at the date of settlement, with any changes in fair value charged or credited to the consolidated income statement.

Severance pay schemes

Severance scheme surpluses and deficits are measured as:

- The fair value of plan assets at the reporting date; less
- Plan liabilities calculated using the projected unit credit method, discounted to its present value using yields available for the appropriate government bonds that have maturity dates appropriate to the terms of the liabilities; plus
- Unrecognised past service costs.

Actuarial gains and losses, being any difference between the expected return on assets and that actually achieved and any changes in liabilities due to changes in assumptions or experience within the scheme, are recognised in the consolidated statement of comprehensive income in the period in which they arise.

Financial guarantee contracts

Where the Group or Company enters into financial guarantee contracts these are classified as financial liabilities and measured at fair value, by estimating the probability of the guarantees being called upon and the related cash outflows from the Group or Company.

Notes to the Consolidated Financial Statements

3 Segment information

Segmental results are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the management team comprising mainly the Chief Executive Officer and the Chief Financial Officer. The operating segments identified are:

- B2C (Business to Customer): including Casino and games, Poker, Bingo and Emerging Offering; and
- B2B (Business to Business): offering Total Gaming Services under the Dragonfish trading brand. Dragonfish offers to its business partners use of technology, software, operations, E-payments and advanced marketing services, through the provision of offline/online marketing, management of affiliates, SEO, CRM and business analytics.

There has been no aggregation of these two operating segments for reporting purposes. The management team continues to assess the performance of operating segments based on revenue and segment profit, being revenue net of chargebacks, payment service providers' commissions, gaming duties, royalties payable to third parties, selling and marketing expenses.

	2014					B2B US\$ million	Consolidated US\$ million
	B2C				Total B2C US\$ million		
	Casino US\$ million	Poker US\$ million	Bingo US\$ million	Emerging offerings US\$ million			
Segment revenue	220.6	93.7	46.6	29.9	390.8	63.9	454.7
Segment result¹					211.0	38.7	249.7
Unallocated corporate expenses ²							(169.7)
Operating profit							80.0
Finance income							0.3
Finance expenses							(4.8)
Movement in contingent consideration							0.1
Share of post-tax loss of equity accounted joint ventures							(7.7)
Taxation							(11.0)
Profit after tax for the year							56.9
Assets							
Unallocated corporate assets							367.2
Total assets							367.2
Liabilities							
Segment liabilities					59.4	8.1	67.5
Unallocated corporate liabilities							114.6
Total liabilities							182.1

1. Revenue net of chargebacks, payment service providers' commissions, gaming duties, royalties payable to third parties, selling and marketing expenses.

2. Including staff costs, corporate professional expenses, other administrative expenses, depreciation, amortisation and share benefit charges.

3 Segment information (continued)

	2013					B2B US\$ million	Consolidated US\$ million
	B2C				Total B2C US\$ million		
	Casino US\$ million	Poker US\$ million	Bingo US\$ million	Emerging offerings US\$ million			
Revenue	190.4	93.6	43.7	24.5	352.2	48.3	400.5
Segment result¹					171.4	27.0	198.4
Unallocated corporate expenses ²							(142.2)
Operating profit							56.2
Finance income							7.2
Finance expenses							(7.5)
Movement in contingent consideration							(0.5)
Profit on acquisition of equity accounted joint ventures							1.9
Share of post-tax loss of equity accounted joint ventures							(4.1)
Taxation							(3.2)
Profit after tax for the year							50.0
Assets							
Unallocated corporate assets							332.2
Total assets							332.2
Liabilities							
Segment liabilities					52.1	3.3	55.4
Unallocated corporate liabilities							102.1
Total liabilities							157.5

1. Revenue net of chargebacks, payment service providers' commissions, gaming duties, royalties payable to third parties, selling and marketing expenses.

2. Including staff costs, corporate professional expenses, other administrative expenses, depreciation, amortisation and share benefit charges.

Other than where amounts are allocated specifically to the B2C and B2B segments above, the expenses, assets and liabilities relate jointly to all segments. These amounts are not discretely analysed between the two operating segments as any allocation would be arbitrary.

Geographical information

The Group's performance can also be reviewed by considering the geographical markets and geographical locations within which the Group operates. This information is outlined below:

Revenue by geographical market (based on location of customer)

	2014 US\$ million	2013 US\$ million
UK	201.6	163.3
Europe (excluding UK)	170.1	161.7
Americas	55.2	46.4
Rest of world	27.8	29.1
Total revenue	454.7	400.5

Notes to the Consolidated Financial Statements

3 Segment information (continued)

Non-current assets by geographical location

	Carrying amount of non-current assets by location	
	2014 US\$ million	2013 US\$ million
Gibraltar	161.0	165.9
Rest of world	12.6	13.0
Total non-current assets by geographical location¹	173.6	178.9

1. Excludes deferred tax assets of US\$0.5 million (2013: US\$1.2 million).

4 Operating profit

	2014 US\$ million	2013 US\$ million
Operating profit is stated after charging:		
Staff costs	110.1	89.5
Fees payable to EY Limited, Ernst & Young LLP and its affiliates:		
Statutory audit of the consolidated financial statements	0.3	—
Other statutory audits	0.1	—
Other assurance services	0.1	—
Fees payable to BDO LLP and BDO Limited:		
Statutory audit of the consolidated financial statements	—	0.3
Other statutory audits	—	0.1
Other assurance services	—	0.1
Depreciation (within operating expenses)	9.0	8.3
Amortisation (within operating expenses)	8.3	5.6
Impairment charges (within operating expenses)	1.7	—
Chargebacks	2.7	3.1
Payment of service providers' commissions	22.3	21.5

5 Employee benefits

Staff costs, including Executive Directors' remuneration, comprises the following elements:

	2014 US\$ million	2013 US\$ million
Wages and salaries	105.3	89.9
Social security	4.5	3.8
Pension and severance pay scheme costs	7.0	6.0
	116.8	99.7
Staff costs capitalised in respect of internally generated intangible assets	(6.7)	(10.2)
	110.1	89.5

In the consolidated income statement total staff costs, excluding share benefit charges of US\$1.7 million (2013: US\$5.5 million), are included within the following expenditure categories:

	2014 US\$ million	2013 US\$ million
Operating expenses	58.4	51.8
Research and development expenses	29.6	19.8
Administrative expenses	22.1	17.9
	110.1	89.5

5 Employee benefits (continued)

The average number of employees by category was as follows:

	2014 Number	2013 Number
Operations	822	736
Research and development	354	279
Administration	120	115
	1,296	1,130

At 31 December 2014 the Group employed 1,306 (2013: 1,253) staff.

Severance pay liability – Israel

The Group's employees in Israel are eligible to receive certain benefits from the Group in specific circumstances on leaving the Group. As such the Group operates a defined benefit severance pay plan which requires contributions to be made to separately administrated funds.

The current service cost and the present value of the defined benefit obligation are measured using the projected unit credit method, according to IAS 19 – Employee Benefits (Revised).

The following table summarises the employee benefits figures as included in the consolidated financial statements:

	2014 US\$ million	2013 US\$ million
Severance pay liability (within trade and other payables on the consolidated balance sheet)	1.2	1.2
Current service costs (within Operating expenses in the consolidated income statement)	1.7	1.3
Current service costs (within Research and development expenses in the consolidated income statement)	1.7	1.4
Current service costs (within Administrative expenses in the consolidated income statement)	0.6	0.6
Remeasurement of severance pay liability (included in the consolidated statement of comprehensive income)	0.3	0.5

Movement in severance pay liability:

Severance pay plan assets

	2014 US\$ million	2013 US\$ million
At beginning of year	14.1	10.4
Interest income	0.5	0.4
Contributions by the Group	4.1	3.6
Benefits paid	(2.7)	(1.7)
Actuarial gain on past experience	0.3	0.6
Actuarial gain on changes in demographic assumptions	–	–
Actuarial gain on changes in financial assumptions	–	0.2
Exchange differences	(1.7)	0.6
At end of year	14.6	14.1

Notes to the Consolidated Financial Statements

5 Employee benefits (continued) Severance pay plan liabilities

	2014 US\$ million	2013 US\$ million
At beginning of year	15.3	11.4
Interest expense	0.5	0.4
Current service costs	4.0	3.3
Benefits paid	(2.8)	(1.8)
Actuarial loss on past experience	0.4	1.1
Actuarial loss on changes in demographic assumptions	0.4	—
Actuarial (gain) loss on changes in financial assumptions	(0.2)	0.2
Exchange differences	(1.8)	0.7
At end of year	15.8	15.3

Employees can determine individually into which type of investment their share of the plan assets are invested, therefore the Group is unable to accurately disclose the proportions of the plan assets invested in each class of asset.

The expected contribution for 2015 is US\$3.7 million.

The main actuarial assumptions used in determining the fair value of the Group's severance pay plan are shown below:

	2014 %	2013 %
Discount rate (nominal)	3.10	3.53
Estimated increase in employee benefits costs	2.47	3.71
Voluntary termination rate	75	70
Inflation rates based on Israeli bonds	1.87	2.18

6 Finance income and finance expenses

Finance income:

	2014 US\$ million	2013 US\$ million
Interest income	0.3	0.3
Foreign exchange gains	—	6.9
Finance income	0.3	7.2

Finance expenses:

	2014 US\$ million	2013 US\$ million
Fair value movements on foreign exchange derivatives	2.8	7.5
Foreign exchange losses	2.0	—
Finance expenses	4.8	7.5

7 Taxation

Corporate taxes

	2014 US\$ million	2013 US\$ million
Gibraltar taxation	5.6	2.5
Other jurisdictions taxation	5.2	2.3
Adjustments in respect of prior years	(0.5)	(0.8)
Deferred tax: origination and reversal of temporary differences	0.7	(0.8)
Taxation expense	11.0	3.2

The taxation expense for the year differs from the standard Gibraltar rate of tax. The differences are explained below:

	2014 US\$ million	2013 US\$ million
Profit before taxation	67.9	53.2
Standard tax rate in Gibraltar (2014:10%, 2013: 10%)	6.8	5.3
Higher effective tax rate on other jurisdictions	4.1	1.4
Losses carried forward	1.3	—
Expenses not allowed for taxation ¹	1.4	0.5
Non-taxable income	(2.1)	(3.2)
Adjustments to prior years' tax charges	(0.5)	(0.8)
Total tax charge for the year	11.0	3.2

1. The expenses not allowed for taxation are primarily in respect of losses from equity accounted investments and impairment of intangible assets.

Current tax is calculated with reference to the profit of the Company and its subsidiaries in their respective countries of operation. Set out below are details in respect of the significant jurisdictions where the Group operates:

Gibraltar — Gibraltar companies are subject to a corporate tax rate of 10%.

Israel — The domestic corporate tax rate in Israel in 2014 is 26.5% (2013: 25%). The Company's Israeli subsidiary had entered into certain transfer pricing agreements with the Israeli Income Tax Commissioner, which were effective until the end of 2010. The subsidiary has concluded an assessment agreement with respect to all tax years up to and including 2012.

UK — The Group's subsidiary in the UK pays corporate tax at the applicable rate of 21.5% (2013: 23.25%).

8 Earnings per share

Basic earnings per share

Basic earnings per share ('EPS') has been calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of shares in issue during the year.

Diluted earnings per share

In accordance with IAS 33 — Earnings per Share, the weighted average number of shares for diluted earnings per share takes into account all potentially dilutive equity instruments granted, which are not included in the number of shares for basic earnings per share. Certain equity instruments have been excluded from the calculation of diluted EPS as their conditions of being issued were not deemed to satisfy the performance conditions at the end of the performance period or it will not be advantageous for holders to exercise them into shares, in the case of options. The number of equity instruments included in the diluted EPS calculation consist of 3,100,238 ordinary shares (2013: 5,143,035) and 122,228 market-value options (2013: 300,675).

The number of equity instruments excluded from the diluted EPS calculation is 3,153,810 (2013: 2,259,924).

Notes to the Consolidated Financial Statements

8 Earnings per share (continued)

	2014	2013
Profit for the period attributable to equity holders of the parent (US\$ million)	56.9	50.0
Weighted average number of Ordinary Shares in issue	353,515,738	350,909,199
Effect of dilutive Ordinary Shares and Share options	3,222,466	5,443,710
Weighted average number of dilutive Ordinary Shares	356,738,204	356,352,909
Basic earnings per share	16.1¢	14.2¢
Diluted earnings per share	15.9¢	14.0¢

Adjusted earnings per share

The Directors believe that EPS excluding share benefit charges, movement in contingent consideration, impairment charges, share of post-tax loss of equity accounted joint ventures and profit on acquisition of equity accounted joint ventures ("Adjusted EPS") better reflects the underlying performance of the business and assists in providing a clearer view of the performance of the Group.

Reconciliation of profit to profit excluding share benefit charges, movement in contingent consideration, impairment charges, share of post-tax loss of equity accounted joint ventures and profit on acquisition of equity accounted joint ventures ("Adjusted profit"):

	2014 US\$ million	2013 US\$ million
Profit for the period attributable to equity holders of the parent	56.9	50.0
Share benefit charges	1.7	5.5
Movement in contingent consideration	(0.1)	0.5
Impairment charges (see note 10)	1.7	—
Share of post-tax loss of equity accounted joint ventures	7.7	4.1
Profit on acquisition of equity accounted joint ventures	—	(1.9)
Adjusted profit	67.9	58.2
Weighted average number of Ordinary Shares in issue	353,515,738	350,909,199
Weighted average number of dilutive Ordinary Shares	356,738,204	356,352,909
Adjusted basic earnings per share	19.2¢	16.6¢
Adjusted diluted earnings per share	19.0¢	16.3¢

9 Dividends

	2014 US\$ million	2013 US\$ million
Dividends paid	51.2	33.2

An interim dividend of 3.5¢ per share was paid on 1 October 2014 (US\$12.4 million). The Board of Directors will recommend to the shareholders a final dividend in respect of the year ended 31 December 2014 comprising 4.5¢ per share, and an additional one-off dividend of 7.0¢, both of which will be recognised in the 2015 financial statements once approved.

In 2013 an interim dividend of 3.0¢ per share was paid on 4 October 2013 (US\$10.4 million) and a final dividend of 11.0¢ per share was paid on 21 May 2014 (US\$38.8 million).

10 Goodwill and other Intangible assets

	Goodwill US\$ million	Acquired intangible assets US\$ million	Internally generated intangible assets US\$ million	Total US\$ million
Cost or valuation				
At 1 January 2013	146.1	10.7	30.7	187.5
Additions	—	0.9	12.7	13.6
At 31 December 2013	146.1	11.6	43.4	201.1
Additions	—	2.9	8.6	11.5
At 31 December 2014	146.1	14.5	52.0	212.6
Amortisation and impairments:				
At 1 January 2013	20.7	8.7	10.4	39.8
Amortisation charge for the year	—	0.8	4.8	5.6
At 31 December 2013	20.7	9.5	15.2	45.4
Amortisation charge for the year	—	0.8	7.5	8.3
Impairment charge	—	—	1.7	1.7
At 31 December 2014	20.7	10.3	24.4	55.4
Carrying amounts				
At 31 December 2014	125.4	4.2	27.6	157.2
At 31 December 2013	125.4	2.1	28.2	155.7
At 1 January 2013	125.4	2.0	20.3	147.7

Analysis of goodwill by cash generating units:

	Bingo online business US\$ million	Other US\$ million	Total goodwill US\$ million
Carrying value at 31 December 2013 and 31 December 2014	125.1	0.3	125.4

Impairment

In accordance with IAS 36 and the Group's stated accounting policy an impairment test is carried out annually, at 31 December, on the carrying amounts of goodwill and a review for indicators of impairment is carried out for other non-current assets. Where an impairment test was carried out, the carrying value is compared to the recoverable amount of the asset or the cash generating unit. In each case, the recoverable amount was the value in use of the assets, which was determined by discounting the future cash flows of the relevant asset or cash generating unit to their present value.

Goodwill – Bingo online business

Goodwill and intangible assets associated with the Bingo online business unit arose following the acquisition of the Bingo online business of Globalcom Limited during 2007 and the acquisition of the Wink Bingo business in 2009. The income streams generated from the Bingo online business, comprising the B2C Bingo cash generating unit and the B2B cash generating unit, have been considered together as the risks and rewards associated with those income streams are deemed to be sufficiently similar.

Cash flow projections have been prepared for a five year period, following which a long term growth rate has been assumed. Underlying growth rates, as shown in the table below, have been applied to revenue and are based on past experience, including the positive results in 2014 following the 2013 reorganisations in the B2C Bingo cash generating unit, and projections of future changes in the online gaming market.

The discount rate that is considered by the Directors to be appropriate is the Group's specific Weighted Average Cost of Capital, which is considered to be appropriate for the online Bingo cash generating units.

Notes to the Consolidated Financial Statements

10 Goodwill and other Intangible assets (continued)

Key assumptions used

	Discount rate applied ¹	Underlying growth rate year	Underlying growth rate years 2-5	Long-term growth rate year 6+	Operating expenses ² increase years 1-5	Operating expenses ² increase year 6+
At 31 December 2014	9%	2%	1%	1%	2%	1%
At 31 December 2013	9%	2%	1%	1%	3%	1%

1. The discount rate is recalculated every year by taking into account prevailing risk free rates, equity risk premium and company beta and having regard to external data commenting upon the Weighted Average Cost of Capital applied to the Group.

2. Operating expenses exclude marketing costs which are included in the projections as a fix percentage of revenues.

The Directors have concluded that there are no reasonably possible changes to key assumptions that would lead to impairment in the Bingo goodwill and intangible assets.

Other intangible assets

The group performed an impairment review during the year on certain development projects that were abandoned as no longer expected to generate revenues. The review resulted in an impairment of US\$1.7 million, as indicated in the table above.

Licences

No impairment tests were considered to be required at 31 December 2014 and the carrying value of other intangible assets is considered to be appropriate.

11 Property, plant and equipment

	IT equipment US\$ million	Office furniture, equipment and motor vehicles US\$ million	Leasehold improvements US\$ million	Total US\$ million
Cost				
At 1 January 2013	50.5	3.5	13.4	67.4
Additions	8.2	0.3	0.6	9.1
Disposals	—	(0.3)	(0.2)	(0.5)
At 31 December 2013	58.7	3.5	13.8	76.0
Additions	4.6	0.1	0.8	5.5
Disposals	(0.3)	(0.1)	—	(0.4)
At 31 December 2014	63.0	3.5	14.6	81.1
Accumulated depreciation				
At 1 January 2013	37.7	2.6	8.8	49.1
Charge for the year	6.9	0.2	1.2	8.3
Disposals	—	(0.3)	(0.2)	(0.5)
At 31 December 2013	44.6	2.5	9.8	56.9
Charge for the year	7.6	0.2	1.2	9.0
Disposals	(0.3)	—	—	(0.3)
At 31 December 2014	51.9	2.7	11.0	65.6
Carrying amounts				
At 31 December 2014	11.1	0.8	3.6	15.5
At 31 December 2013	14.1	1.0	4.0	19.1
At 1 January 2013	12.8	0.9	4.6	18.3

12 Investment in equity accounted joint ventures

The following entities meet the definition of joint ventures and have been equity accounted in the consolidated financial statements:

Name	Country of incorporation	Effective interest 31 December 2014	Effective interest 31 December 2013
AAPN Holdings LLC	USA	47%	47%
AGN LLC	USA	47%	47%
AAPN New Jersey LLC	USA	47%	47%

USA joint ventures

On 11 March 2013 the Group entered into a joint venture agreement ("JVA") with Avenue OLG Entertainment LLC ("Avenue") and other minority shareholders to form AAPN Holdings LLC ("AAPN"). Under the JVA the Group has a 47% interest in AAPN. AAPN is funded by Avenue as defined in the JVA.

AAPN New Jersey LLC ("AAPN NJ") is the entity which contracted with an Atlantic City casino licensee in connection with the operation of a B2C gaming offering in New Jersey (an offering which launched in November 2013). AGN LLC ("AGN") is the entity which contracted with a Las Vegas casino licensee in connection with the operation of a B2C gaming offering in Nevada (this offering has not yet launched).

On 8 July 2013, AGN obtained the required licences from the Nevada Gaming Commission enabling it to provide online gaming services in the State of Nevada in accordance with the stipulations of the licences.

On 8 November 2013, AAPN NJ obtained the transactional waiver by the New Jersey Division of Gaming Enforcement enabling it to provide online gaming services in the State of New Jersey for a period of six months from the date of the waiver and subject to final approval by the New Jersey Division of Gaming Enforcement. On 7 May 2014, and then again on 7 November 2014, the transactional waiver was renewed for a further period of six months.

On 21 May 2014, the Group contributed its subsidiary AAPN NJ to AAPN, in fulfilment of its prior obligation.

On 21 May 2014 and 10 October 2014, Avenue contributed further US\$15 million and US\$5 million, respectively, to AAPN in consideration for the issuance of Class B Units. In accordance with the JVA, the Class B Units grant Avenue a priority return, together with interest at arm's length rates, all of which is payable to Avenue as a preference over any distributions to AAPN's shareholders or upon liquidation of AAPN.

As at December 31, 2014, AGN remained 100% owned by the Group. However, the Group considers that due to the manner in which AGN is operated under the contractual arrangements in the AAPN JVA, it is regarded as a joint venture. The Group also has an irrevocable commitment to contribute its ownership of AGN to AAPN for no consideration upon fulfilment of certain conditions.

On this basis the three entities AAPN, AAPN NJ and AGN have been equity accounted for, reflecting the Group's effective 47% interest in their aggregated results and assets.

Notes to the Consolidated Financial Statements

12 Investment in equity accounted joint ventures (continued)

Amounts relating to the joint ventures and the Group's share of net assets and post-tax losses of the joint ventures are as follows:

	2014 US\$ million	2013 US\$ million
Net assets of US joint ventures		
Non-current assets	5.3	5.9
Current assets	17.0	6.0
Current liabilities	(1.7)	(3.6)
Net assets of joint ventures	20.6	8.3
Assets attributed to class B holders	(20.6)	—
Net assets of joint ventures attributed to the Group	—	8.3
Group effective interest in joint ventures	47%	47%
Group share of net assets of joint ventures	—	3.9
Income statement of US joint ventures		
Income	2.3	—
Expenses	(18.0)	(8.7)
Post tax loss of joint ventures	(15.7)	(8.7)
Expenses attributed to class B holders	(0.7)	—
Total post tax loss of joint ventures attributed to the Group	(16.4)	(8.7)
Group effective interest in joint ventures	47%	47%
Group share of post tax loss of joint ventures	(7.7)	(4.1)

During 2013 the US joint ventures launched regulated licensed gaming offerings in the states of Nevada and New Jersey. As a result substantial marketing costs were incurred in order to facilitate the penetration into these newly opened markets.

On acquisition of the interest in AAPN, the difference of US\$1.9 million between the consideration paid (of nil) and the share of net assets of the entity (of US\$1.9 million) was accounted for during 2013 as a profit on acquisition in the consolidated income statement in line with IAS 31.

The Group's share of subsequent increases in the net assets of AAPN arising from equity injections by its joint venture partners, amounting to US\$3.8 million (2013: US\$6.1 million) has been accounted for through the consolidated statement of comprehensive income.

A reconciliation of the movements in the Group's interest in equity accounted joint ventures is shown below:

	US joint ventures US\$ million
Investment in equity accounted joint ventures	
At 1 January 2013	—
Profit on acquisition of equity accounted joint venture	1.9
Group share of equity injections by joint venture partner in equity accounted joint venture	6.1
Share of post-tax loss of equity accounted joint ventures	(4.1)
At 31 December 2013	3.9
Group share of equity injections by joint venture partner in equity accounted joint venture	3.8
Share of post-tax loss of equity accounted joint ventures	(7.7)
At 31 December 2014	—

13 Deferred taxes

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Group's deferred tax assets resulting from temporary differences, the majority of which are expected to be settled on a net basis, are as follows:

	2014 US\$ million	2013 US\$ million
Intangible assets	(1.7)	(1.3)
Property, plant and equipment	0.9	0.9
Accrued severance pay	0.4	0.4
Share benefit charges	0.1	0.1
Vacation pay accrual	0.5	0.7
Derivative financial instruments	0.3	0.4
	0.5	1.2

The Group has tax losses at 31 December 2014 of US\$16.1 million (2013: US\$6.4 million) that are available indefinitely for offset against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as there is insufficient certainty that there will be suitable taxable profits against which these losses can be offset.

14 Cash and cash equivalents

	2014 US\$ million	2013 US\$ million
Cash and cash equivalents	158.2	111.2
Restricted cash	4.9	4.6
	163.1	115.8

Restricted cash mainly represents customers' funds held in designated accounts under regulated market licence requirements.

15 Short term investments

	2014 US\$ million	2013 US\$ million
Deposits	—	3.9

Short term investments primarily relates to deposits held by banks to support guarantees in respect of regulated markets licence requirements.

16 Trade and other receivables

	2014 US\$ million	2013 US\$ million
Trade receivables	19.0	20.9
Other receivables and prepayments	11.0	10.5
Current trade and other receivables	30.0	31.4
Non-current other receivables and prepayments	0.7	—
	30.7	31.4

The carrying value of trade receivables and other receivables approximates to their fair value as the credit risk has been addressed as part of impairment provisioning and, due to the short-term nature of the receivables they are not subject to ongoing fluctuations in market rates. Note 24 provides credit risk disclosures on trade and other receivables.

Notes to the Consolidated Financial Statements

17 Share capital

Share capital comprises the following:

	Authorised			
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	Number	Number	US\$ million	US\$ million
Ordinary Shares of £0.005 each	426,387,500	426,387,500	3.9	3.9

	Allotted, called up and fully paid			
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	Number	Number	US\$ million	US\$ million
Ordinary Shares of £0.005 each at beginning of year	351,977,275	349,688,356	3.2	3.2
Issue of ordinary shares of £0.005 each	2,459,333	2,288,919	—	—
Ordinary Shares of £0.005 each at end of year	354,436,608	351,977,275	3.2	3.2

The following tables include details on issue of ordinary shares of £0.005 each as part of the Group's employee share option plan (see note 21) during 2014 and 2013:

During 2014, the Company issued 2,459,333 shares (2013: 2,289,919) out of which 239,693 shares (2013: 461,406) were issued in respect of employees' exercising market value options giving rise to an increase in share premium of US\$0.4 million (2013: US\$0.8 million).

Shares issued are converted into US\$ at the exchange rate prevailing on the date of issue. The issued and fully paid share capital of the Group amounts to US\$3.2 million (2013: US\$3.2 million) and is split into 354,436,608 (2013: 351,977,275) ordinary shares. The share capital in UK sterling (GBP) is £1.8 million (2013: £1.8 million).

18 Trade and other payables

	2014 US\$ million	2013 US\$ million
Trade payables	29.9	31.3
Other payables, accrued expenses and deferred income	74.2	61.2
	104.1	92.5

The carrying value of trade and other payables approximates to their fair value given the short maturity date of these balances.

19 Liabilities to customers and progressive prize pools

	2014 US\$ million	2013 US\$ million
Liabilities to customers	58.0	51.1
Progressive prize pools	9.5	4.3
	67.5	55.4

20 Investments in significant subsidiaries

The consolidated financial statements include the following principal subsidiaries of 888 Holdings plc:

Name	Country of incorporation	Percentage of equity interest 2014 %	Percentage of equity interest 2013 %	Nature of business
Cassava Enterprises (Gibraltar) Limited	Gibraltar	100	100	Holder of gaming licences in Gibraltar and main trading company
Virtual Marketing Services (UK) Limited	UK	100	100	Advertising services
Virtual Marketing Services (Gibraltar) Limited	Gibraltar	100	100	Marketing acquisition
Dixie Operation Limited	Antigua	100	100	Customer call center operator
Random Logic Limited	Israel	100	100	Research, development and marketing support
Brigend Limited	Gibraltar	100	100	Bingo business operator
Fordart Limited	Gibraltar	100	100	B2B business operator (except Bingo)
New Wave Virtual Ventures Limited	Gibraltar	100	100	Development of social games – Mytopia.
Virtual Internet Services Limited	Gibraltar	100	100	Data hosting and development services
Virtual Marketing Services Italia SRL	Italy	100	100	Holder of Italian online gaming licence
888 Spain Public Limited Company	Gibraltar	100	100	Holder of Spanish online gaming licence
Virtual IP Assets Limited	BVI	100	100	Holder of group IP assets
Sparkware Technologies SRL	Romania	100	100	Software development
888 US Limited	Gibraltar	100	100	Holder of Interactive Gaming Service Provider and Manufacturer licence in the state of Nevada
888 Atlantic Limited	Gibraltar	100	100	Holder of Transactional Waiver pending application for full licensing in the state of New Jersey
888 US Inc.	Delaware, USA	100	100	Holder of US Joint Venture
888 US Services Inc.	New Jersey, USA	100	100	Provider of US—based services for US operations
888 Liberty Limited	Gibraltar	100	100	Holder of Transactional Waiver pending application for full licensing in the state of Delaware
888 UK Limited	Gibraltar	100	—	Holder of UK remote gaming licence

Notes to the Consolidated Financial Statements

21 Share benefit charges

Equity-settled share benefit charges

The Company has two equity-settled employee share incentive plans - the 888 All-Employee Share Plan and the Long-term Incentive Plan. The 888 All-Employee Share Plan is open to all employees and Executive Directors of the Group who are not within six months of their normal retirement age, at the discretion of the Remuneration Committee. Awards under this scheme will vest in installments over a fixed period of up to four years subject to the relevant individuals remaining in service. Certain of these awards are subject to additional performance conditions imposed by the Remuneration Committee at the dates of grant, further details of which are given in the Directors' Remuneration Report on pages 37 to 39. The Long-term Incentive Plan is not currently in use.

Details of equity settled shares and share options granted as part of the 888 All-Employee Share Plan are set out below:

Share options granted

	2014		2013	
	Weighted average exercise price	Number	Weighted average exercise price	Number
Outstanding at the beginning of the year	£ 1.44	2,560,600	£ 1.41	3,141,422
Market value options lapsed during the year	£ 1.51	(184,274)	£ 1.47	(112,399)
Market value options exercised during the year	£ 1.10	(239,693)	£ 1.21	(468,423)
Outstanding at the end of the year ^{1,2,3}	£ 1.48	2,136,633	£ 1.44	2,560,600

1. Of the total number of options outstanding at 31 December 2014 2,136,633 had vested and were exercisable (2013: 2,560,600).

2. The range of exercise prices for options outstanding at 31 December 2014 is £1.02-£1.80 (2013: £1.02-£1.80).

3. The weighted average remaining contractual life at the year-end was 2.44 years (2013: 3.59 years)

Ordinary Shares granted (without performance conditions)

	2014 Number	2013 Number
Outstanding at the beginning of the year	1,495,484	2,654,091
Shares granted during the year	—	405,843
Lapsed future vesting shares	—	(24,462)
Shares issued during the year	(756,738)	(1,539,988)
Outstanding at the end of the year	738,746	1,495,484
Averaged remaining life until vesting	0.40 years	0.89 years

Shares are granted at a nominal exercise price.

Ordinary shares granted (subject to performance conditions)

	2014 Number	2013 Number
Outstanding at the beginning of the year	3,949,488	3,205,587
Shares granted during the year	1,039,223	1,049,059
Lapsed future vesting shares	(29,604)	(17,629)
Shares issued during the year	(1,462,902)	(287,529)
Outstanding at the end of the year	3,496,205	3,949,488
Averaged remaining life until vesting	1.16 years	1.22 years

Of these grants, 50% of each are dependent on an EPS growth target, and 50% on total shareholder return (TSR) compared to a peer group of companies. Further details of performance conditions that have to be satisfied on these awards are set out in the directors remuneration report on pages 37 to 39. The EPS growth target is taken into account when determining the number of shares expected to vest at each reporting date, and the TSR target is taken into account when calculating the fair value of the share grant.

21 Share benefit charges (continued)**Valuation information – shares granted under TSR condition:**

Shares granted during the year:	2014	2013
Share pricing model used	Monte Carlo	Monte Carlo
Determined fair value	£0.92	£1.14
Number of shares granted	519,612	524,530
Average risk-free interest rate	1.18%	0.73%
Average standard deviation	45%	53%
Average standard deviation of peer group	32%	34%

Valuation information – shares granted

	2014		2013	
	Without performance conditions	With performance conditions	Without performance conditions	With performance conditions
Weighted average share price at grant date	–	£1.54	£1.54	£1.63
Weighted average share price at issue of shares	£1.32	£1.31	£1.60	£1.71

Ordinary shares granted for future vesting with EPS growth performance conditions are valued at the share price at grant date, which the Group considers approximates to the fair value. The restrictions on the shares during the vesting period, primarily relating to non-receipt of dividends, are considered to have an immaterial effect on the share option charge.

In accordance with IFRSs a charge to the consolidated income statement in respect of any shares or options granted under the above schemes is recognised and spread over the vesting period of the shares or options based on the fair value of the shares or options at the grant date, adjusted for changes in vesting conditions at each balance sheet date. These charges have no cash impact.

Cash-settled share-based payment

On 27 March 2012, the Company awarded its Chief Executive Officer a cash-settled share-based award (“Phantom Award”). The Phantom Award will be fully vested in three years from the grant date, provided he remains in employment with the Company on the third anniversary of the grant date. Under specific terms, the Phantom Award will also vest if he leaves employment before the normal vesting date as detailed in the Directors’ Remuneration Report.

The amount payable is calculated on an incremental basis, based on the average share price of the Company over a period of 20 dealing days prior to the scheduled vesting date for the award. The minimum amount payable is £0.25 million (US\$ 0.4 million) and the maximum amount payable is £5.5 million (US\$8.5 million) if the share price is above £2.00.

Valuation information

	2014	2013
Option pricing model used	Monte Carlo	Monte Carlo
Share price at 31 December	£1.39	£1.73
Remaining life until vesting	0.24 years	1.24 years
Risk-free interest rate	0.14%	0.46%
Standard deviation	27.30%	43.10%

The cash settled share based payment charge for the year amounts to US\$0.4 million (2013: US\$2.2 million) and the liability recognised at 31 December 2014 amounts to US\$3.4 million (2013: US\$3.1 million).

Notes to the Consolidated Financial Statements

21 Share benefit charges (continued)

Share benefit charges

	2014 US\$ million	2013 US\$ million
Equity-settled		
Equity-settled charge for the year	1.3	3.3
Cash-settled		
Charges in respect of the Phantom Award	0.4	2.2
Total share benefit charges	1.7	5.5

22 Related party transactions

The aggregate amounts payable to key management personnel, considered to be the directors of the Company, as well as their share benefit charges, are set out below:

	2014 US\$ million	2013 US\$ million
Short-term benefits	3.4	3.1
Post-employment benefits	0.1	0.1
Share benefit charges – equity-settled	0.4	1.0
Share benefit charges – cash-settled	0.4	2.2
	4.3	6.4

Further details on directors' remuneration are given in the Directors' Remuneration Report on pages 44 to 45.

During 2014 the Group charged the US joint ventures for reimbursement of costs of US\$6.1 million (2013: US\$5.2 million), of which the outstanding balance at 31 December 2014 is US\$0.3 million (2013: US\$1.9 million).

23 Commitments

Lease commitments

Future minimum lease commitments under operating leases on properties occupied by the Group at the year end are as follows:

	2014 US\$ million	2013 US\$ million
Leases expiring		
Within one year	3.7	4.0
Between two and five years	4.7	8.3
	8.4	12.3

The expense relating to operating leases recorded in the consolidated income statement in the year was US\$4.3 million (2013: US\$3.6 million).

24 Financial risk management

The Group is exposed through its operations to risks that arise from use of its financial instruments. Policies and procedures for managing these risks are set by the Board following recommendations from the Chief Financial Officer.

The Board reviews the effectiveness of these procedures and, if required, approves specific policies and procedures in order to mitigate these risks.

The main financial instruments used by the Group, on which financial risk arises, are as follows:

- Cash and cash equivalents;
- Restricted cash;
- Short term investments;
- Trade and other receivables;
- Trade and other payables;
- Liabilities to customers;
- Available for sale financial investments

Detailed analysis of these financial instruments is as follows:

Financial assets	2014 US\$ million	2013 US\$ million
Trade and other receivables	26.3	27.1
Cash and cash equivalents	163.1	115.8
Short term investments	—	3.9
Available for sale investment	0.2	0.2
	189.6	147.0

In accordance with IAS 39, all financial assets are classified as loans and receivables except for available-for-sale investments, which are classified as available for sale assets.

Financial liabilities	2014 US\$ million	2013 US\$ million
Trade and other payables	92.5	82.9
Derivative financial instruments	2.5	4.2
Contingent consideration	—	0.4
Customer deposits	67.5	55.4
	162.5	142.9

In accordance with IAS 39, all financial liabilities are held at amortised cost except for the derivative financial instruments, which are recognised at fair value through profit and loss.

Notes to the Consolidated Financial Statements

24 Financial risk management (continued)

Capital

The capital employed by the Group is composed of equity attributable to shareholders. The primary objective of the Group is maximising shareholders' value, which, from the capital perspective, is achieved by maintaining the capital structure most suited to the Group's size, strategy, and underlying business risk. Other than disclosed elsewhere in note 25, there are no demands or restrictions on the Group's capital.

The main financial risk areas are as follows:

Credit risk

Trade receivables

The Group's credit risk is primarily attributable to trade receivables, most of which are due from the Group's payment service providers ('PSP'). These are third party companies that facilitate deposits and withdrawals of funds to and from customers' virtual wallets with the Group. These are mainly intermediaries that transact on behalf of credit card companies.

The risk is that a PSP would fail to discharge its obligation with regard to the balance owed to the Group. The Group reduces this credit risk by:

- Monitoring balances with PSPs on a regular basis.
- Arranging for the shortest possible cash settlement intervals.
- Replacing rolling reserve requirements, where they exist, with a Letter of Credit by a reputable financial institution.
- Ensuring a new PSP is only contracted following various due diligence and 'Know Your Customer' procedures.
- Ensuring policies are in place to reduce dependency on any specific PSP and as a limit any concentration of risk.

The Group considers that based on the factors above and on extensive past experience, the PSP receivables are of good credit quality and there is a low level of potential bad debt amounting to US\$0.5 million arising from a PSP failing to discharge its obligation (2013: nil). This has been charged to the consolidated income statement.

An additional credit risk the Group faces relates to customers disputing charges made to their credit cards ('chargebacks') or any other funding method they have used in respect of the services provided by the Group. Customers may fail to fulfil their obligation to pay, which will result in funds not being collected. These chargebacks and uncollected deposits, when occurring, will be deducted at source by the PSPs from any amount due to the Group. As such the Group provides for these eventualities by way of an impairment provision based on analysis of past transactions. This provision is set off against trade receivables and at 31 December 2014 was US\$1.2 million (2013: US\$1.2 million).

The Group's in-house Fraud and Risk Management department carefully monitors deposits and withdrawals by following prevention and verification procedures using internally-developed bespoke systems integrated with commercially-available third party measures.

24 Financial risk management (continued)

Cash and cash equivalents

The Group controls its cash position from its Gibraltar headquarters. Subsidiaries in its other main locations maintain minimal cash balances as required for their operations. Cash settlement proceeds from PSPs, as described above, are paid into bank accounts controlled by the Treasury function in Gibraltar.

The Group holds its funds with highly reputable financial institutions and will not hold funds with financial institutions with a low credit rating. The Group maintains its cash reserves in highly liquid deposits and regularly monitors interest rates in order to maximise yield.

Restricted cash

Restricted cash represents mainly customers' funds held in designated accounts under regulated market licence requirements

Short term investments

Short term investments primarily relates to deposits held by banks to support guarantees in respect of regulated markets licence requirements.

The Group's maximum exposure to credit risk is the amount of financial assets presented above, totaling US\$189.6 million (2013: US\$147.0 million).

Liquidity risk

Liquidity risk exists where the Group might encounter difficulties in meeting its financial obligations as they become due. The Group monitors its liquidity in order to ensure that sufficient liquid resources are available to allow it to meet its obligations.

The following table details the contractual maturity analysis of the Group's financial liabilities:

	On demand US\$ million	In 3 months US\$ million	2014 Between 3 months and 1 year US\$ million	More than 1 year US\$ million	Total US\$ million
Trade and other payables ¹	9.7	71.6	11.2	—	92.5
Derivative financial instruments	—	0.7	1.8	—	2.5
Customer deposits	67.5	—	—	—	67.5
	77.2	72.3	13.0	—	162.5

1. Excludes deferred income.

	On demand US\$ million	In 3 months US\$ million	2013 Between 3 months and 1 year US\$ million	More than 1 year US\$ million	Total US\$ million
Trade and other payables ¹	9.4	61.8	8.6	3.1	82.9
Derivative financial instruments	—	0.7	3.5	—	4.2
Contingent consideration	—	0.1	0.3	—	0.4
Customer deposits	55.4	—	—	—	55.4
	64.8	62.6	12.4	3.1	142.9

1. Excludes deferred income.

Notes to the Consolidated Financial Statements

24 Financial risk management (continued)

Market risk

Currency risk

The Group's financial risk arising from exchange rate fluctuations is mainly attributed to:

- Mismatches between customer deposits, which are predominantly denominated in US\$, and the net receipts from customers, which are settled in the currency of the customer's choice and of which Pounds Sterling (GBP) and Euros (EUR) are the most significant.
- Mismatches between reported revenue, which is mainly generated in US Dollars (USD) (the Group's functional and reporting currency), and a significant portion of deposits settled in local currencies.
- Expenses, the majority of which are denominated in foreign currencies including Pounds Sterling (GBP), Euros (EUR) and New Israeli Shekels (ILS).

The Group continually monitors the foreign currency risk and takes steps, where practical, to ensure that the net exposure is kept to an acceptable level. This includes the use of foreign exchange forward contracts designed to fix the economic impact of known liabilities. At 31 December 2014 the Group had open foreign exchange forward contracts between New Israeli Shekels and US Dollars with a principal amount of US\$91 million, in respect of 2015 operational costs incurred in New Israeli Shekels. The fair value of these forward contracts was a liability of US\$2.5 million, to be settled on a monthly basis throughout 2015.

At 31 December 2013 the Group had foreign exchange forward contracts between US Dollars and Pounds Sterling and between US Dollars and Euros with a principal amount of US\$146 million, in respect of expected excess Pounds Sterling and Euros through 2014. The fair value of these forward contracts was a liability of US\$4.2 million, which was settled during 2014.

The tables below detail the monetary assets and liabilities by currency:

	2014						Total US\$ million
	GBP US\$ million	EUR US\$ million	ILS US\$ million	USD US\$ million	Other US\$ million		
Cash and cash equivalents	19.1	15.6	22.6	99.0	6.8	163.1	
Trade and other receivables	12.8	5.1	0.4	3.3	4.7	26.3	
Available for sale investments	—	—	—	0.2	—	0.2	
Monetary assets	31.9	20.7	23.0	102.5	11.5	189.6	
Trade and Other payables	(31.5)	(12.9)	(22.9)	(23.6)	(1.6)	(92.5)	
Derivative financial instruments	—	—	—	(2.5)	—	(2.5)	
Customer deposits	(13.5)	(5.2)	—	(48.7)	(0.1)	(67.5)	
Monetary liabilities	(45.0)	(18.1)	(22.9)	(74.8)	(1.7)	(162.5)	
Net financial position	(13.1)	2.6	0.1	27.7	9.8	27.1	

	2013						Total US\$ million
	GBP US\$ million	EUR US\$ million	ILS US\$ million	USD US\$ million	Other US\$ million		
Cash and cash equivalents	16.5	12.0	15.9	68.9	2.5	115.8	
Trade and other receivables	9.0	7.3	0.4	5.7	4.7	27.1	
Short term investments	—	2.9	1.0	—	—	3.9	
Available for sale investments	—	—	—	0.2	—	0.2	
Monetary assets	25.5	22.2	17.3	74.8	7.2	147.0	
Trade and other payables	(23.1)	(10.4)	(24.3)	(23.7)	(1.4)	(82.9)	
Derivative financial instruments	(3.2)	(1.0)	—	—	—	(4.2)	
Contingent consideration	—	—	—	(0.4)	—	(0.4)	
Customer deposits	(10.4)	(5.1)	—	(39.9)	—	(55.4)	
Monetary liabilities	(36.7)	(16.5)	(24.3)	(64.0)	(1.4)	(142.9)	
Net financial position	(11.2)	5.7	(7.0)	10.8	5.8	4.1	

24 Financial risk management (continued)

Interest rate risk

The Group's exposure to interest rate risk is limited to the interest bearing deposits in which the Group invests surplus funds.

The Group's policy is to invest surplus funds in low risk money market funds and in interest bearing bank accounts. The Group arranges for excess funds to be placed in these interest bearing accounts with its principal bankers in order to maximise availability of funds for investments.

Downside interest rate risk is minimal as the Group has no floating rates borrowings. Given current low interest rates a 0.5% downward movement in bank interest rates would not have a significant impact on finance income for the year. However, a 0.5% increase in interest rates would, based on the year end deposits, increase annual profits by US\$0.6 million.

Sensitivity analysis

The table below details the effect on profit before tax of a 10% strengthening (and weakening) in the US Dollar exchange rate at the balance sheet date for balance sheet items denominated in Pounds Sterling, Euros and New Israeli Shekels:

	2014		
	GBP US\$ million	EUR US\$ million	ILS US\$ million
10% strengthening	1.3	(0.3)	—
10% weakening	(1.3)	0.3	—

	2013		
	GBP US\$ million	EUR US\$ million	ILS US\$ million
10% strengthening	1.0	(0.6)	0.7
10% weakening	(1.0)	0.6	(0.7)

25 Fair value measurements

At 31 December 2014 and 2013, the Group's derivative financial instruments and available for sale investment are measured at fair value. For the remaining financial assets and liabilities, the Group considers that the book value approximates to fair value.

At 31 December 2014, the Group's derivative financial instruments are measured at fair value under IAS 39 and are designated as level 2 in the fair value hierarchy. The fair value of derivative financial instruments was a liability of US\$2.5 million at 31 December 2014 (2013: a liability of US\$4.2 million), determined using forward exchange rates that are quoted in an active market.

Other financial instruments carried at fair value are not considered material. There were no changes in valuation techniques or transfers between categories in the period.

26 Contingent liabilities and regulatory matters

- As part of the Board's ongoing regulatory compliance and operational risk assessment process, it continues to monitor legal and regulatory developments, and their potential impact on the business, and continues to take appropriate advice in respect of these developments.
- Given the nature of the legal and regulatory landscape of the industry, from time to time the Group has received notices, communications and legal actions from a small number of regulatory authorities and other parties in respect of its activities. The Group has taken legal advice as to the manner in which it should respond and the likelihood of success of such actions. Based on this advice and the nature of the actions, the Board is unable to quantify reliably any material outflow of funds that may result, if any. Accordingly, no provisions have been made.
- The Group operates in numerous jurisdictions. Accordingly, the Group is filing tax returns, providing for and paying all taxes and duties it believes are due based on local tax laws, transfer pricing agreements and tax advice obtained. The Group is periodically subject to audits and assessments by local taxing authorities. The Board is unable to quantify reliably any exposure for additional taxes, if any, that may arise from the final settlement of such assessments. Accordingly, no additional provisions have been made.

Company Balance Sheet

At 31 December 2014

	Note	2014 US\$ million	2013 US\$ million
Assets			
Non-current assets			
Investments in subsidiaries	2	27.4	26.1
		27.4	26.1
Current assets			
Trade and other receivables	3	88.8	74.1
Cash and cash equivalents	4	—	0.7
		88.8	74.8
Total assets		116.2	100.9
Equity and liabilities			
Equity			
Share capital	5	3.2	3.2
Share premium		1.3	0.9
Retained earnings		65.4	70.8
Total equity		69.9	74.9
Liabilities			
Current liabilities			
Trade and other payables	6	42.3	22.9
Share benefit charges – cash-settled	9	3.4	—
Non-current liabilities			
Deferred tax liability		0.6	—
Share benefit charges – cash-settled	9	—	3.1
Total liabilities		46.3	26.0
Total equity and liabilities		116.2	100.9

The financial statements on pages 88 to 92 were approved and authorised for issue by the Board of Directors on 24 March 2015 and were signed on its behalf by:



Brian Mattingley
Chief Executive Officer



Aviad Kобрine
Chief Financial Officer

The notes on pages 91 to 92 form part of these financial statements.



Company Statement of Changes in Equity

For the year ended 31 December 2014

	Share capital US\$ million	Share premium US\$ million	Retained earnings US\$ million	Total US\$ million
Balance at 1 January 2013	3.2	0.1	32.5	35.8
Total comprehensive income for the year	—	—	68.2	68.2
Dividend paid (note 10)	—	—	(33.2)	(33.2)
Issue of shares (note 5)	—	0.8	—	0.8
Equity settled share benefit charges (note 9)	—	—	3.3	3.3
Balance at 31 December 2013	3.2	0.9	70.8	74.9
Total comprehensive income for the year	—	—	44.5	44.5
Dividend paid (note 10)	—	—	(51.2)	(51.2)
Issue of shares (note 5)	—	0.4	—	0.4
Equity settled share benefit charges (note 9)	—	—	1.3	1.3
Balance at 31 December 2014	3.2	1.3	65.4	69.9

The following describes the nature and purpose of each reserve within equity.

Share capital — represents the nominal value of shares allotted, called-up and fully paid for.

Share premium — represents the amount subscribed for share capital in excess of nominal value.

Retained earnings — represents the cumulative net gains and losses recognised in the consolidated statement of comprehensive income and other transactions with equity holders.

The notes on pages 91 to 92 form part of these financial statements.

Company Statement of Cash Flows

For the year ended 31 December 2014

	Note	2014 US\$ million	2013 US\$ million
Cash flows from operating activities:			
Profit before tax		50.1	70.4
Adjustments for:			
Share benefit charges	9	0.7	2.9
Increase in net amounts owed by subsidiaries	3,6	(1.9)	(53.7)
Decrease in other receivables	3	—	0.1
Increase (decrease) in trade and other payables	6	4.7	(1.9)
Cash generated from operations		53.6	17.8
Income tax paid		(3.5)	(2.3)
Net cash generated from operating activities		50.1	15.5
Cash flows from financing activities:			
Issue of shares	5	0.4	0.8
Dividends paid	10	(51.2)	(33.2)
Net cash used in financing activities		(50.8)	(32.4)
Net decrease in cash and cash equivalents		(0.7)	(16.9)
Cash and cash equivalents at the beginning of the year	4	0.7	17.6
Cash and cash equivalents at the end of the year	4	—	0.7

The notes on pages 91 to 92 form part of these financial statements.

Notes to the Company Financial Statements

1 General information and accounting policies

A description of the Company, its activities and definitions are included in note 1 to the consolidated financial statements.

The Company has applied accounting policies identical to the Group's accounting policies listed in note 2 to the consolidated financial statements, other than in relation to investments in subsidiaries, which are held at cost less any impairment provision required.

Under Section 10(2) of the Gibraltar (Consolidated Accounts) Act 1999, the Company is exempt from the requirement to present its own income statement.

2 Investments in subsidiaries

The Company's principal subsidiaries are listed in note 20 to the consolidated financial statements and in the Company's financial statements are held at cost less provision for any impairment. The Group applies IFRS 2 — Share-based Payment. Consequently, the Company recognises as a cost of investment the value of its own shares that it makes available for the purpose of granting share options to employees or contractors of its subsidiaries. The movement in investment in subsidiaries during the year was US\$1.3 million (2013: US\$2.7 million). Included within this were share-based payment charges of US\$0.9 million in 2014 (2013: US\$2.7 million).

3 Trade and other receivables

	2014 US\$ million	2013 US\$ million
Amounts due from subsidiaries	88.5	73.8
Other receivables and prepayments	0.3	0.3
	88.8	74.1

The carrying value of trade and other receivables approximates to their fair value. None of the balances included within trade and other receivables are past due or impaired. Amounts due from subsidiaries are payable on demand.

4 Cash and cash equivalents

	2014 US\$ million	2013 US\$ million
Cash and cash equivalents	—	0.7
	—	0.7

5 Share capital

The disclosures in note 17 to the consolidated financial statements are identical for the Company.

6 Trade and other payables

	2014 US\$ million	2013 US\$ million
Trade payables	0.4	0.4
Amounts due to subsidiaries	30.4	17.2
Income tax payable	2.9	1.1
Other payables and accrued expenses	8.6	4.2
	42.3	22.9

The carrying value of trade and other payables approximates to their fair value. All balances included within trade and other payables are repayable on demand.



Notes to the Company Financial Statements

7 Financial risk management

The Company's financial risk management objectives and policies are identical to those of the Group as disclosed in note 24 to the consolidated financial statements.

8 Contingent liabilities

The disclosures in note 26 to the consolidated financial statements are identical for the Company.

9 Share benefit charges

The disclosures in note 21 to the consolidated financial statements are identical for the Company except that the charge for the year is partly taken to investment in subsidiaries, as set out in note 2.

10 Related party transactions

During the year the Company received dividends from its subsidiaries totaling US\$60.0 million (2013: US\$86.1 million) and paid to its shareholders dividends totaling US\$51.2 million (2013: US\$33.2 million).

Share benefit charges in respect of options and shares of the Company awarded to employees of subsidiaries totalled US\$0.9 million (2013: US\$2.7 million).

During the year subsidiaries of the Company supported it in funding US\$18.8 million of the Company's costs (2013: US\$12.5 million). At 31 December 2014, the net amounts owed by subsidiaries to the Company were US\$58.1 million (2013: US\$56.6 million).

The aggregate benefits paid to key management personnel, which the Company considers are the Directors of the Company, by its subsidiaries are set out below:

	2014 US\$ million	2013 US\$ million
Short term benefits	0.2	0.2

11 Significant non cash transactions

During the year 2013 the Company was a party to arrangements made by the Group to rationalise the intercompany balances within the Group. Under these arrangements certain intercompany balances were novated to and from the Company and its subsidiaries, and certain intercompany balances were forgiven by subsidiary companies. As a result movements on amounts due from and to subsidiaries of US\$238 million and US\$238 million respectively in the period did not arise as a result of cash transfers and have therefore been excluded from the Company Statement of Cash Flows.

Shareholder Information

Group websites

A range of shareholder information is available in the Investor Relations area of the Group's website, www.888holdingsplc.com, including:

- Latest information on the Group's share price
- Information on the Group's financial performance
- News and events

The following websites can also be accessed through the Group's main website www.888.com or are available directly.

Casino

888's Casino games are offered through its 888casino and live casino

- www.888casino.com
- www.Casino-on-Net.com
- www.ReefClubCasino.com
- www.eucitycasino.com

Poker

888's Poker offering is through 888poker

- www.888poker.com
- www.PacificPoker.com
- www.LuckyacePoker.com

Bingo

888's Bingo offering is through 888ladies and Wink

- www.888ladies.com
- www.winkbingo.com
- www.poshbingo.co.uk
- www.tastybingo.com
- www.redbusbingo.com
- www.bingostreet.com
- www.bigbrotherbingo.com
- www.888bingo.com
- www.bingofabulous.com

Sportsbook

888's Sportsbook offering is through 888sport

- www.888sport.com

USA

888's New Jersey Poker and Casino games are offered through its US regulated website

- us.888poker.com
- us.888casino.com
- us.888.com

Spain

888's Spain Poker and Casino games are offered through its Spanish regulated website

- www.888.es
- www.888poker.es
- www.888casino.es
- www.888sport.es

Italy

888's Italy Casino games are offered through its Italian regulated website

- www.888.it
- www.888casino.it

Games

888's Games offering is through 888games

- www.888games.com
- www.888play.com

Mytopia Social Games

888's social games are offered through Mytopia social games websites:

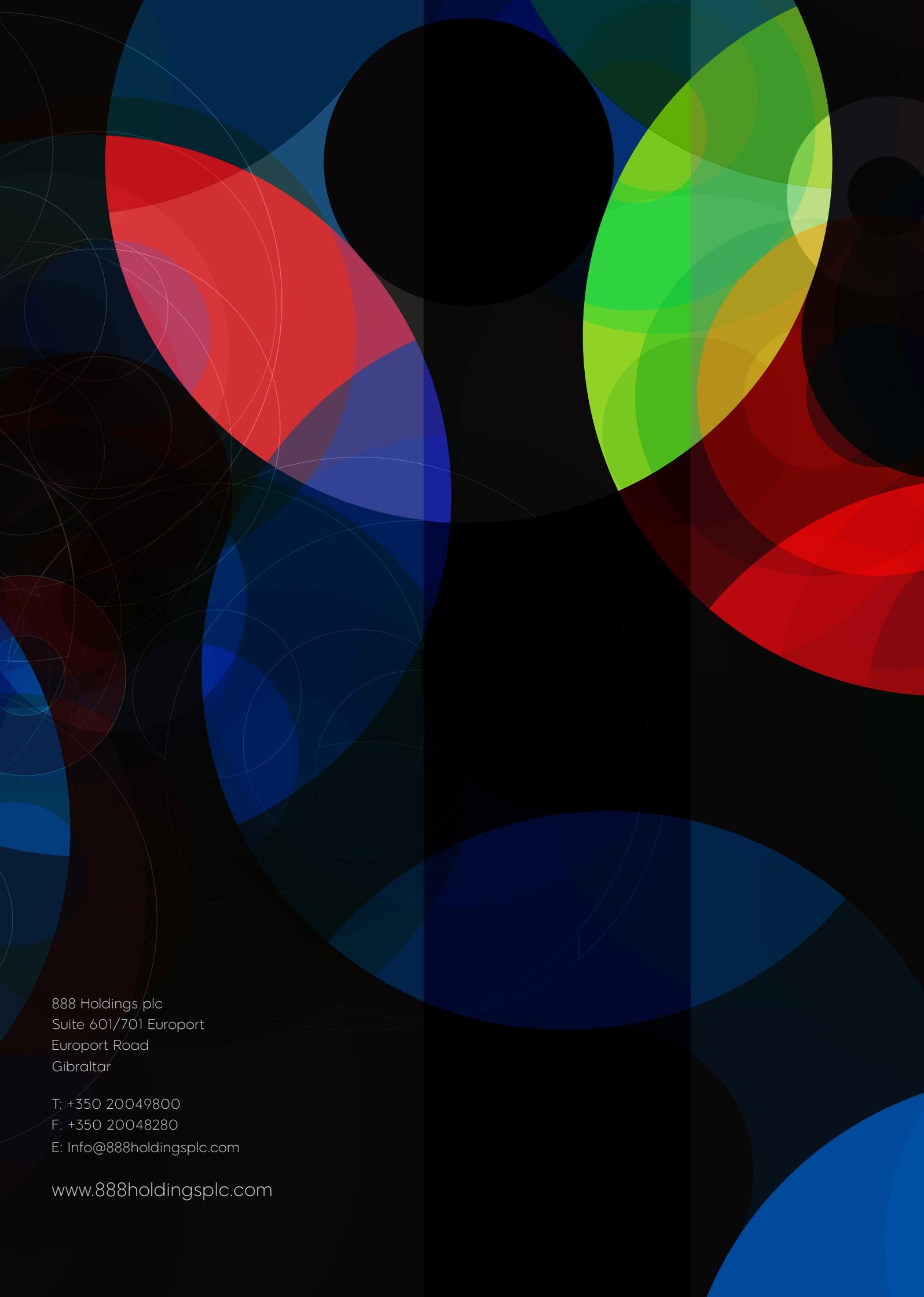
- www.mytopia.com
- www.bingoisland.com

Responsible gaming:

The Group's dedicated site focusing on responsible gaming

- www.888responsible.com





888 Holdings plc
Suite 601/701 Europort
Europort Road
Gibraltar

T: +350 20049800
F: +350 20048280
E: Info@888holdingsplc.com

www.888holdingsplc.com