Playtech plc Annual Report and Accounts for the year ended 31 December 2015

Harness technology
Facilitate play

Playtech is a market leader in the gambling and financial trading industries. Founded in 1999 and listed on the Main Market of the London Stock Exchange, Playtech has more than 5,000 employees in 13 countries.

Playtech is the gambling industry's leading software and services supplier with more than 130 licensees globally, including many of the world's leading regulated online, retail and mobile operators, land-based casino groups, government sponsored entities such as lotteries, and new entrants opening operations in newly-regulated markets. Its business intelligence-driven gambling software offering includes casino, live casino, bingo, poker and sports betting.

It is the pioneer of omni-channel gambling which, through Playtech ONE, offers operators and their customers, a seamless, anytime, anywhere experience across any product, any channel (online, mobile, retail) and any device using a single account and single wallet. It provides marketing expertise, sophisticated CRM solutions and other services for operators seeking a full turnkey solution.

Playtech's Financials division, run through its subsidiary Markets Limited (formerly called TradeFX), is an established and growing online CFDs, broker and trading platform provider, operating a number of brands including Markets.com. Its B2C focused offering is available in more than 100 countries and in more than 25 languages and is licensed and regulated in the EU and South Africa.

Acquisitive capability

MARKETS.COM

Market leading

Global reach

We currently have over **5,000** employees

Offices in **13** different countries

130 global licensees

Licensees in more than **20** markets

Our offices

1
Isle of Man
Head Office

2
UK
Ash Games
Bingo
GTS
Lottery
Sport

c.500

3
Gibraltar
PokerStrategy

4
Italy
Videobet

5
Sweden
Mobenga
Videobet Interactive

c.100

6
Latvia
Live

c.800

7
Estonia
Casino
IMS Videobet

c.600

8
Ukraine
Portal

c.600

9
Bulgaria
Player support
Poker

10
Cyprus
Finance
Markets Limited

c.300

11
Israel
Marketing
Product management

c.700

12
Russia
Casual

13
Philippines
Player support
Live

c.700

Key

Main offices

Other offices

No. of employees

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Our Gaming division

All of Playtech's products are part of a unified platform and can be integrated with one another

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Governance

The Board believes that high standards of corporate governance contribute to Playtech's performance and continued success

Governance

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Financial statements

Full audited accounts for the 2015 financial year

For more information

You'll find links throughout this report to guide you to further reading or relevant information.

Throughout the report are case studies on Playtech's activities during the year.

Find more information on our website: www.playtech.com

Driving growth

Operational highlights

Gaming division

- Strong underlying performance with double digit growth excluding acquisitions, impact of POC, white-label and currency effect
- Regulated revenues growing faster than .com
  - 41% of 2015 Gaming revenues from regulated markets (2014: 36%)
  - strong growth in the UK driven by Sky, GalaCoral, Ladbrokes, Betfair and white-label customers
- 10 new licensees signed in 2015 including Sun Bingo, Marca, win2day and Mr Green together with further product penetration in customer base
- Landmark exclusive agreement signed with DC Comics after the year end
- Strong pipeline with significant wins expected in 2016

Financials division

- Pro-forma full year revenue of $100.2m with post-acquisition revenue contribution of $66.5m (€60.0m)
- Total active CFD customers up 30% over 2014, with first time depositors (FTDs) up 25%
- Adjusted EBITDA since acquisition of $17.8m (€15.9m) with margin of 26% due to lower volatility and improvements to business model to further enhance compliance in a tightening regulatory environment
- Improvements made to business model to impact 2016 revenue growth and margin

Financial highlights

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€630.1m +38%

Revenue (€m)

630.1	2015
457.0	2014

€251.9m +22%

Adjusted EBITDA* (€m)

251.9	2015
207.1	2014

€205.9m +8%

Adjusted net profit attributable to owners of parent* (€m)

205.9	2015
190.8	2014

67.5€cents +3%

Adjusted basic EPS* (€ cents)

67.5	2015
65.6	2014

€857.9m +24%

Cash balances at year end (€m)

857.9	2015
692.3	2014

28.5€cents +8%

Total ordinary dividend per share** (€ cents)

28.5	2015
26.4	2014

* Adjusted numbers relate to certain non-cash and one-off items including amortisation of intangibles on acquisitions, professional costs on acquisitions and irrecoverable deposit and professional fees on abandoned acquisitions, finance costs on acquisitions, change in fair value of available-for-sale investments in the income statement, non-cash accrued bond interest, provision against irrecoverable cash and additional various non-cash charges.

** Final dividend of 18.9 €cents is subject to shareholder approval at the forthcoming annual general meeting.

Going from strength to strength

Whilst 2015 was an incredibly busy year for Playtech, our operational performance was stronger than ever, delivering reported revenues up 38% and up 26% on an underlying basis. We have many opportunities for further growth, both organically and through M&A, and have confidence in strong growth in 2016 and beyond

Alan Jackson
Chairman

In 2015 Playtech once again achieved an outstanding operational and financial performance, with reported revenues up 38% and 26% on an underlying basis.

Our Gaming division continues to go from strength-to-strength, founded on our pioneering omni-channel offering, our market leading content and the investment we make every year into R&D to ensure that we not only maintain but also extend our lead against the competition. The second half of 2015 saw several new licensee wins, including Sun Bingo, as well as product launches, including the iconic Top Gun slot and Live Prestige Roulette. Our pipeline of new licensees, driven by regulated and soon-to-be-regulated markets, is strong and we expect significant wins in 2016.

During the year we created our Financials division with the acquisition of TradeFX which was announced in April, since renamed Markets Limited. Although it was disappointing not to be able to complete the subsequently announced acquisitions of Plus500 and Ava Trade, Markets Limited remains an important acquisition for Playtech, taking us into a high-growth industry with regulated revenues, leveraging our technology infrastructure and existing expertise in CRM and marketing.

We have a very strong balance sheet with significant cash balances. Playtech has always been highly disciplined when acquiring businesses and capabilities to ensure that they meet stringent criteria. We are currently in live discussions on a number of potential acquisitions in the Gaming division.

We also remain committed to returning capital to shareholders, as evidenced by the strong compound growth in our regular dividends and the special dividend paid following the receipt of proceeds from the sale of Playtech's stake in William Hill Online. Should suitable acquisition opportunities not be available, consideration will be given to returning cash to shareholders as we look to maintain an efficient capital structure.

I was particularly pleased to be able to strengthen the Board during the year with the appointments of Paul Hewitt and John Jackson. Their wealth of experience across many complementary industries will prove invaluable to Playtech's growth over the coming years.

Finally, I would like to thank each and every one of our 5,000 employees who make Playtech the great success story that it continues to be. I would also like to thank our shareholders for their continued support, particularly in supporting our equity fundraising in June. Playtech is focused on creating value for shareholders and I am delighted to be able to announce an increase of 8% for this year's total dividend.

Playtech is proud of its track record of exceptional growth. Looking forward we see many opportunities to extend this record, both organically and through M&A, and have great confidence of continued success in 2016 and beyond.

Alan Jackson
Chairman

25 February 2016

The leader in a high growth industry

The online gambling market

Development

The online gambling market developed in the mid-1990s, initially with online casinos and then with the launch of online poker in 1998. In 2015 the total online gambling market, defined by H2 Gambling Capital to include casino, poker, bingo, sports betting, skill based gaming and lotteries, was estimated as having gross gambling revenues ("GGR"), being amounts staked including bonuses but less prizes, of approximately €35.0 billion (2014: €32.4 billion), an increase of 8%.

According to H2 Gambling Capital, the total online gambling market is expected to grow at a compound annual growth rate of 10% from 2015 to 2018.

Market size by geography

Data from H2 Gambling Capital shows that in 2015 the largest online market by player location was the United Kingdom, which accounted for just over 16% of the overall interactive market. China and Japan follow with approximately 12% and 11% respectively.

Of the total global online market, Europe is estimated by H2 Gambling Capital to be the largest segment, comprising approximately 47% of the overall market, and is forecast to grow at a compound annual growth rate of 13% from 2015 to 2018.

10%

Forecast compound annual growth of the online gaming industry from 2015 to 2018

Drivers of market growth

The global online market continues to benefit from the transition of land-based revenue to online revenue, regulation, improved broadband penetration and capacity, faster mobile data transfer rates, improved smartphone penetration, a growing number of market participants, and greater acceptance of online gambling as a mainstream leisure pastime along with increased marketing expenditure by operators through a wide range of marketing channels.

Regulation

The regulation of online gambling can be a catalyst for market growth, depending on how the regulation is enacted, which product verticals are permitted by the regulator and the tax rate introduced. This combination of factors determine whether online gambling is likely to be commercially attractive in the longer term.

As markets move from a .com to a regulated regime, there are expected to be notable opportunities together with some uncertainties through the transition period.

Although it is obviously difficult to predict the exact form and timing of any regulatory progress, there are many countries which may regulate over the coming years. Across Europe we are seeing a number of markets at various stages of the regulatory process including the Czech Republic, Holland, Portugal, Switzerland and Sweden. In Latin America, Mexico is due to introduce further regulations (with Playtech already well established in the country with Caliente) with Uruguay, Peru and Brazil considering their positions. Finally, in Asia, the Philippines is making positive progress with Laos, Cambodia and Thailand potentially looking to follow.

Mobile

The number of mobile devices in use grows every day, and increasing numbers of players are choosing mobile sports betting and gaming for the convenience it brings.

With over 350 mobile developers, Playtech is at the forefront of mobile development. In 2015, 21% of Playtech's revenues were generated from mobile, up from 16% in 2014.

It is forecast that mobile interactive gambling will enjoy a compound annual growth rate of 17% between 2015 and 2018.

Convergence of online and land-based

A significant industry trend is the growing convergence of land-based and online market segments. This is principally as a result of many new entrants in regulated online markets being existing land-based gaming, betting and lottery operators, who already have a substantial local presence, well-recognised brands, existing player databases and are familiar with the local regulatory environment.

Historically separate in their philosophy and systems, there has been a fundamental shift in both segments towards common techniques for player attraction and retention, such as VIP levels and loyalty schemes. Operators are becoming more aware of the importance of player retention and of incentivising the player on an individual basis regardless of channel. The retention of players and the ability to cross-sell them on to other products provides an opportunity for operators, but also presents substantial technical challenges for them.

Playtech has focused much of its recent development efforts on ensuring that it is able to deliver functionality, player management and content across the full range of distribution channels, and to capitalise on this trend of convergence.

Leading the competition

Maintaining and extending our leadership

The single most realistic alternative to outsourcing to Playtech is for operators to utilise their own proprietary platform together with proprietary and third party software, which while currently accounting for around 30% of the total online gambling market, Playtech believes is an increasingly unsustainable model.

Playtech enjoys significant scale advantages by being able to leverage operating and development costs of more than 130 licensees, including the top 10 European and UK online gambling operators.

Playtech's strategy is to offer all product verticals across all distribution channels on an integrated platform that offers a single wallet and sign-on. Playtech is also the only supplier that can offer sophisticated marketing and operational services to drive player acquisition and retention via a modular range of flexible approaches from a full turnkey solution to equity joint ventures or structured agreements. This enables operators to offer their players a true omni-channel approach across land-based/digital/mobile channels, providing the ultimate player experience.

Barriers to entry

Scale

The rapid growth and increased scale of Playtech has enabled the development of a superior platform, more relevant software and more products than other suppliers. New B2B operators or licensees are not able to undertake significant product development as they lack economies of scale. This is even more apparent in new channels coming to market such as mobile, or new products such as virtual racing. Games such as bingo or poker rely on liquidity to satisfy player demand. Networked casino games can also provide significant jackpot opportunities.

Technology

The Playtech operating system is agnostic, allowing upgrades and new features to be rolled out to every operator from a single platform. This enables all operators the benefit of a more advanced offering. Playtech's R&D costs vary from year to year, but are typically around 17% of overall software revenue. This development cost is shared across the licensee base, and the revenue share model offered by Playtech is cost effective when compared to self-development, and allows licensees to remain at the cutting edge of the market. Operators also benefit from product development through two-way feedback with Playtech.

Experience

As Playtech's scale has increased over the 16 years since its incorporation, its knowledge, expertise and offering in all markets have enabled operators to grow their businesses and to diversify into new markets more quickly.

Liquidity

Playtech offers greater liquidity in the bingo and poker markets, and can provide high progressive jackpots for casino players.

Services

Other barriers to entry are Playtech's expertise in the services environment (marketing, hosting and affiliates) and increasingly longer-term supply contracts and established relationships with licensees.

The building blocks of success

Playtech's strategy of organic development, new business, targeted acquisitions, strategic agreements and joint ventures has enabled it to maximise opportunities created by the significant changes afoot in the online gambling industry.

The industry is moving towards locally regulated markets as governments see the implementation of gambling taxes and the sale of regulatory licences as significant revenue streams. Land-based and digital channels are converging as regulatory authorities issue gambling licences to land-based operators for both traditional and online offerings. Through being able to offer a full turnkey solution, Playtech is able to partner with established operators and new entrants to take advantage of these opportunities.

Mobile gambling is one of the most significant growth drivers of the global online gambling industry. Playtech's Mobile Hub has combined the established Mobenga mobile sports betting solution with other gambling products. This combination uniquely positions Playtech to capitalise on further developments in this sector. Mobile gambling is essential to Playtech's future success and we have invested heavily to develop the next generation of products, maximising new functionality on tablets and smartphones, while continuing to roll out products across all mobile platforms, including Android, Apple iOS and HTML5.

1

Support organic growth

In 2015, Playtech's licensees achieved organic growth of 16%, exceeding the growth of the underlying global market. The breadth and depth of Playtech's offering enables Playtech's licensees to run some of the most successful online gambling businesses.

16%

Organic growth

2

Cross-sell products and services

On average, Playtech's licensees take a limited number of products. There is a trend for larger licensees e.g. GalaCoral, Ladbrokes and Paddy Power to leverage Playtech's IMS and take more products from Playtech's product suite, enhancing their cross-sell ability. Playtech also supports its licensees as they enter new markets e.g. Ladbrokes moving to Spain, Denmark and Mexico.

3

Attract new licensees

Playtech has enjoyed a successful track record of agreeing contracts with approximately five to ten new licensees every year, attracted by our market-leading product and service offering, the unique capabilities of the IMS and support for both established and new operators in regulating markets.

4

Extend our lead by increasing product, service and distribution capability

Playtech's strategy as the leading technology provider in the online gambling industry, is to offer all product verticals across all distribution channels. Playtech invests to expand its offering to support its licensees with new technologies, avenues to market and products e.g. the Mobile Hub, virtual racing and casual gaming.

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5

Improve quality of earnings through greater regulated market penetration

Playtech is focused on growing its presence in regulated markets, increasing the proportion of regulated revenue to 41% in 2015 (2014: 36%). Future regulation will provide an opportunity to increase this proportion further and the Group continues to work on progressing in regulated markets.

6

Acquisitions remain key

Playtech has an outstanding acquisition track record, investing in new technology, exciting content, and new products. Companies have mostly been acquired on an earn-out basis, enabling Playtech to leverage its existing business and licensee base to create strong synergies. Playtech is focused on making further, similar bolt-on and larger acquisitions. Given the Group's ability to generate cash and strength of its balance sheet, the Board is seeking strategic M&A opportunities to take the business to the next level.

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Playtech ONE: Experience is everything

Our omni-channel philosophy

Consumers today live and play in a world without limitations, and so do we.

A user's experience should be the same no matter what the content, where it is accessed from, when it is played, or on whatever device they play on.

The industry term for this is omni-channel.

Only Playtech can deliver this – play any game, on any platform and on any device using a single wallet anywhere and at any time. This is what we call Playtech ONE.

Playtech ONE software allows an operator and its customers a seamless, anytime, anywhere experience across any product, any channel and any device using a single account and single wallet.

Playtech's pioneering innovation has enabled licensees to bridge the retail-online-mobile gap, giving their customers what they want, when they want it, in any location or time and on whatever hardware they choose to use.

Operator results speak for themselves. We offer and enable them with all the tools and technology; they present their players with the ultimate gaming experience; and they generate record-breaking results.

The five pillars of omni-channel

Playtech omni-channel gaming – where experience is everything

Definition

The application of the same business strategy for all channels resulting in a consistent brand experience wherever and whenever the customer chooses to engage.

1 Wallet

ONE wallet, ONE view, ONE platform

Seamless wallet and balance management, payments, fraud, responsible gaming and compliance tools

2 Personalisation

Tailored player experience

Bespoke player experience, enabled by segmentation and supported by real-time communication tools

3 Content

All content, all channels, all devices

Play any product, across all channels, locations and devices

4 CRM

Data driven in real-time

Automated data-driven, real-time, BI marketing tools and bonus engine

5 User experience

One way for seamless play

Seamless, responsive and adaptive gameplay across all channels and devices

Playtech Open Platform (POP)

- » Extensive games library
- » Best-performing games
- » Exclusive content

Playtech's omni-channel Open Platform allows licensees access to more than 600 of the industry's most popular online and mobile in-house and third-party games at any time, across any channel and on any device.

The POP content library includes a comprehensive selection of classic slot games, multi-line video and premium branded slots from our own cutting-edge in-house studios, more than 100 mobile titles and content from 20 of the industry's largest suppliers. All new POP titles are launched simultaneously across mobile and desktop.

Key components include aggregation through one integration; bonusing across all content including third parties; on-going support; real-time content and competitor performance league tables; games development kit; multiple game integration frameworks; seamless third party wallet integration; single player account across all products; and data integration and warehousing and support for all gaming standards.

Playtech Web Platform

- » Full front-end customisation
- » Huge range of designs, tools and features
- » End-to-end Playtech products integration

Playtech's Web Platform is an open framework designed to integrate content and deliver an unparalleled experience for operators and their players.

It allows operators complete control over site functionality and content, including full content management support and all the tools they need to customise their front-end solutions across any channel and device.

It features cross platform support (mobile, tablet and desktop), is fully integrated into Playtech's industry-leading IMS player management system and other products and is fully optimised allowing a seamless offering and experience.

Web Platform supports a multitude of languages and markets and comes complete with full CRM and personalisation, reporting and analytics and player communication tools. IMS functionalities include cashier integration, personalised login and registration and cross platform bonus and promotions capabilities.

Information Management System (IMS)

- » Most powerful BI-gaming platform
- » Seamless games and platforms transition via single account
- » Full player lifecycle visibility and control

Playtech's award-winning Information Management System (IMS) is the backbone of our omni-channel product and services portfolio, powering Playtech ONE, and offering licensees all the tools they need to manage their operations in the most efficient and profitable way.

IMS enables our licensees to access all the elements of our unique omni-channel capabilities allowing players to seamlessly transition across games and platforms via a single account and single wallet, while providing operators with simple third party integration and full visibility and control of the entire player lifecycle.

IMS unifies all Playtech products across all channels, including retail, presenting operators with a single account overview and allowing them to streamline and optimise marketing spend, maximise cross-sell and conversion potential, leverage player loyalty and value and increase revenues by automating key aspects of the player journey.

There is simply no industry equivalent to IMS – gaming's most powerful omni-channel enabler.

Business Intelligence Technology (BIT)

- » Data-driven marketing tools
- » Fully automated BI software
- » Increases LTV and revenues

BIT provides new and existing licensees with superior innovation for their next stage of growth. Our unique data-driven, business intelligence marketing technology, exclusive to Playtech, significantly enhances player experience and drives licensee revenues by increasing engagement and loyalty.

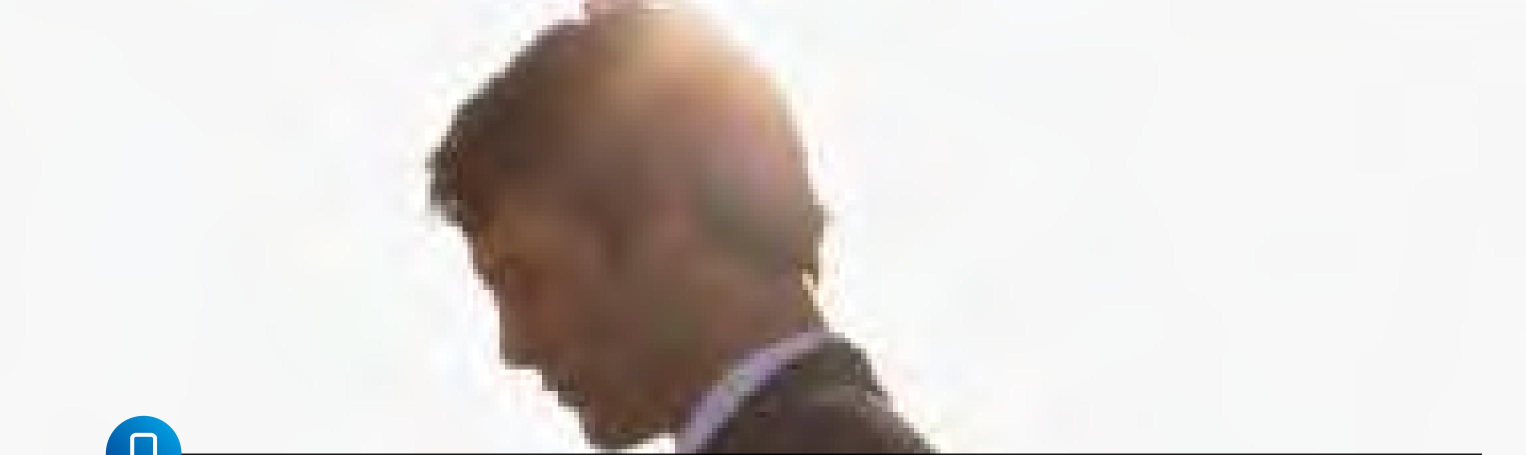
BIT revolves around a series of game-changing features including:

The BI platform – complete operational overview
Enables day-to-day and high-level decision making by comparing key metrics against competitors.

Data driven marketing tools – the power of personalisation
Powers automatic CRM and personalises every major aspect in the player flow.

Playtech analytics – real-time decision making
Real-time tracking and reporting to maximise player value and brand profitability.

Playtech optimiser – omni-channel personalisation comes to life
Real-time, easy-to-use personalisation and optimisation engine powers all of our offering across all channels.



Make businesses more intelligent

Data is arguably the single most powerful tool businesses have at their disposal today. However a large swathe of organisations are not using it effectively, if at all, and as a result, are missing out on millions in potential revenue.

Playtech came to this conclusion several years ago and, in the last two years, has developed a series of high-level and highly innovative data-driven marketing tools designed to enable our licensees to maximise their brand's full potential.

Not only do we have the largest content portfolio in the industry, we crucially also have data stretching back many years from more than 130 licensees across multiple demographics and geographies which is able to provide us and our customers with cross-industry benchmarks and intelligence that no one else can provide. This enables us to have a unique position and crucially, allows our customers to have a key market differentiator.

The main challenge is to educate existing, as well as new and potential operators across all channels on how they can leverage their current position and achieve greater results by using their data in more efficient and effective ways.

There are several factors that often convince operators to take data analysis and automated business intelligence technology seriously. The first is that for more established brands a large proportion of their online net gaming revenue – some up to 40% or more – is generated from customers they have had for many years.

The second point that makes heads turn is that the vast majority of this wealth of data has never been used to maximise their profits. And thirdly, the cost of implementation and subsequently acquisition, is minimal to non-existent. Operators are simply implementing potential that already exists within their businesses.

Our highly innovative technology is live and providing operators with the tools they need to enhance the way they differentiate and create a significantly improved and personalised player experience and, as a result, creating additional value both for their players, their brand and their shareholders.

Simply put, there is no other company in the market today that is able to provide the tools designed to increase lifetime value, lower churn rates and improve the customer journey.

Playtech's suite of automated modular tools, including Game Advisor; Churn Detection; Optimiser; BI Reporting; Smart Installer; Lifetime Value Prediction; Segmentation; and RTP Monitoring; is based on advanced algorithms and benchmarks against big data from customers with similar profiles, while all the information and data gathered, including marketing and CRM systems, is integrated into our award-winning IMS player management platform.

Since launching our Business Intelligence Technology we have achieved a series of excellent results and exceeded the expectations of even the most pessimistic chief executives.

Our Game Advisor module, for example, improves the customer journey and ensures individual players are recommended games that best fit them using a fully personalised approach based on a player's characteristics and behaviour. This has significantly increased average player value by 15% to 30%, increased the average number of sessions by between 7% and 17%, and seen the average session length extended by between 10% and 20%.

Meanwhile, Smart Installer tool enables licensees to increase conversion and prevent churn with each installer customised specifically to the requirements of each customer and brand. The installer has the capability to run marketing campaigns, survey players, run fully automated AB tests and more and has proved extremely successful increasing sign-ups by 69% and first time depositors by 16%.

Our business intelligence technology is designed to make businesses more intelligent and our customers are reaping the rewards. Now, it is up to others to realise their full potential.

15–30%
Increase in average player value

10–20%
Increase in average session length

The complete product suite

Casino

- » Complete omni-channel offering
- » Best-performing content
- » Dual mobile-desktop launches

Playtech offers the industry's most extensive portfolio of best-performing omni-channel casino content and progressive jackpot network, delivering more than 500 of the most innovative and exhilarating titles across all channels, platforms and devices.

As part of our Playtech ONE omni-channel offering, our casino product allows players to access content anywhere, at any time and on any device through a single wallet and a single account.

Driven by our powerful IMS player management platform and data-driven business intelligence technology, Playtech casino delivers industry-leading in-house and rich premium branded games content, while our flexible Open Platform technology allows operators to access hundreds more titles which flawlessly integrate with their websites.

Our ongoing commitment to providing new and existing licensees with access to our leading content, powerful platform, and fully automated marketing tools and personalisation engine ensures operators are able to deliver the ultimate casino experience to their players.

Playtech live casino

- » Complete omni-channel offering
- » Award-winning platform
- » Powered by innovation

Playtech's live dealer platform and products are designed to provide the most authentic, omni-channel gaming experience supported by a leading back-end platform that uses the latest business intelligence marketing technology.

Our extensive live product offering, manned by native-speaking dealers, includes all the casino classics such as Blackjack, Baccarat and Roulette in addition to innovative new variants including Unlimited Blackjack, Hi-Lo, Prestige roulette and Casino Hold'em.

State-of-the-art cameras broadcasting in premium HQ quality, the fastest streaming and highest up-time in the market, bespoke branding and individual training, all combine to establish the trust and loyalty associated with an enthusiastic Casino experience.

Our core focus revolves around unbeatable licensee service ensuring we outperform our competitors with our world-class omni-channel technology, features, user experience and dedicated support services.

Virtual sports

» Complete omni-channel offering

» Unique simulation technology

» State-of-the-art graphics

Playtech's diverse and growing virtual offering combines the latest 3D game graphics with highly sophisticated simulation technology across a wealth of sports, including horse racing, tennis and football.

Our ground-breaking virtual features include exclusive full sports simulations and feature film motion capture technology allowing for the most realistic betting and gameplay the industry has ever seen.

Our virtual products enable players to bet within a familiar sportsbook environment, while also offering integrated odds, data feeds and bespoke in-game branding, promotions and tailored races, matches, games and promotional events.

350

Playtech has a dedicated team of more than 350 mobile developers

Sports

» Complete omni-channel offering

» BI-driven risk management, built-in algorithms and trading platform

» Bespoke mobile solutions, platform, features

Playtech Sports delivers the complete next generation, omni-channel solution for any sportsbook requirement offering the ultimate experience for operators and their players.

Our sports betting platform is robust, secure, scalable, and integrates flawlessly with Playtech's award-winning IMS and business intelligence technology, offering player segmentation and personalisation, and can be tailored to suit any size or type of operation.

Our fully flexible, powerful and highly reliable omni-channel platform is uniquely able to support any channel, any product, on any device, using one wallet and one account, enabling licensees to track, customise and significantly enhance a player's journey.

Bingo

- » Complete omni-channel offering
- » Bespoke client and room variants
- » Largest games portfolio & network liquidity

Playtech delivers the industry's most complete omni-channel bingo offering, allowing players to access and enjoy the same seamless, personalised experience across any platform, channel, and device, using one wallet and one account.

Playtech Bingo's HTML5-only development delivers huge benefits including the management of a single code base; increased innovation, productivity and flexibility, amounting to providing a superior user experience.

We operate the industry's largest and most innovative bingo networks and selection of omni-channel products, variants and side games, while the bingo client and room variants can be custom-built for any specific brand requirements.

Playtech poker

- » Complete omni-channel offering
- » Innovative game features
- » Reliable back-end management tools

Playtech offers an unrivalled omni-channel poker offering across all channels, platforms and devices, deployed on the industry-leading iPoker network, the largest .com and regulated network of its kind in the world.

Our new poker client features the widest selection of game types with an extensive selection of table stakes and buy-ins allowing licensees to launch their own fully branded, customisable poker rooms, hosting multiple languages and currencies.

Through our award-winning IMS platform, the client is supported by premium back-end management tools coupled with a powerful marketing system and services, allowing for targeted promotions, bonuses, next generation collusion prevention and detection tools and dedicated 24/7 online support.

Retail

- » Complete omni-channel offering
- » Bespoke software & hardware solutions
- » Intuitive player management tools

Playtech Retail provides the industry's most complete next generation, omni-channel solutions for land-based venues, offering operators and their players the ultimate, seamless gaming experience.

Playtech Retail powers 40,000 terminals globally offering a full enterprise management system for land-based venues and providing licensees with complete operational control.

Using powerful back office management tools, the system provides operators with all the tools they require to successfully run and manage their businesses giving them full site control and control of their estate and player base.

These tools include player, content and multimedia management, rules-based rewards, jackpots, tournaments, bonusing, loyalty, cash desk facilities, responsible gaming, security and monitoring.

RAY signs multi-year exclusive Playtech deal extension

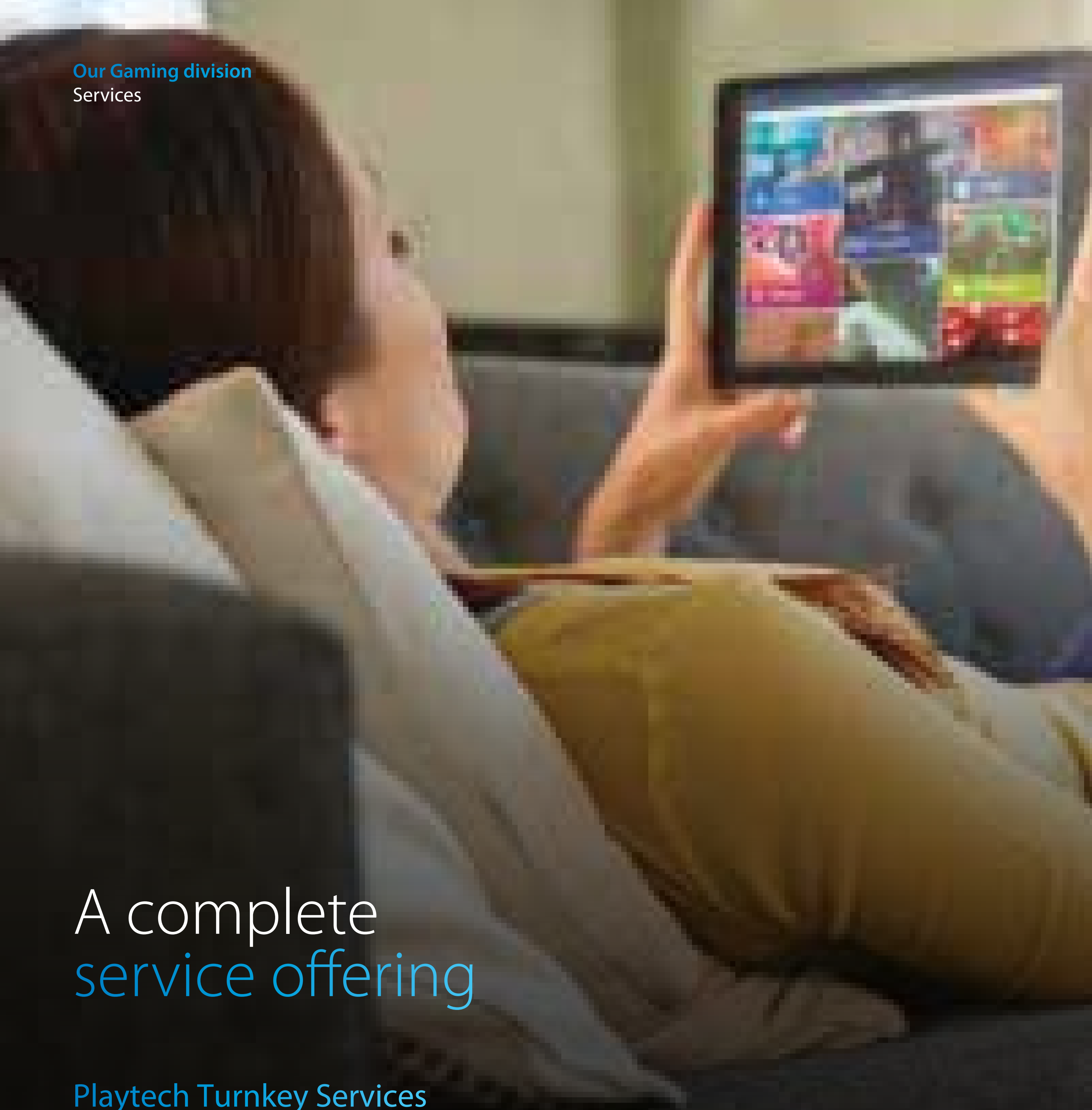
In February 2015, Playtech announced that Finland's national gaming operator had signed a 20-year online contract extension, the longest deal in both companies' histories following four highly successful years, generating year-on-year double digit growth.

From day one of the initial agreement, Playtech partnered with RAY to plan and launch Ray.fi offering the Finnish government-owned operator its entire online gaming portfolio. This included casino and poker games, a series of localised RAY-branded exclusive games as well as an innovative, dedicated live casino studio launched in August 2014. In addition, Playtech worked closely with RAY on a responsible gaming framework specifically designed and adapted in-line with Finnish regulatory requirements. Playtech also confirmed its commitment to support RAY in implementing its 'Mobile First' strategy, as part of the organisation's long-term vision, maintaining its position as the leading eCommerce website in Finland.

The 20-year agreement includes multi-channel gaming software, content and support across online, mobile and retail with an automatic renewal period of four years, and underlines Playtech's commitment to regulated markets.

Finland's national gaming operator will continue to enjoy access to Playtech's leading-edge exclusive content including locally themed in-house and premium branded titles from major studios such as Paramount and Universal, giving the business the strongest and most complete offering available on the market.

Read more at www.playtech.com



A complete service offering

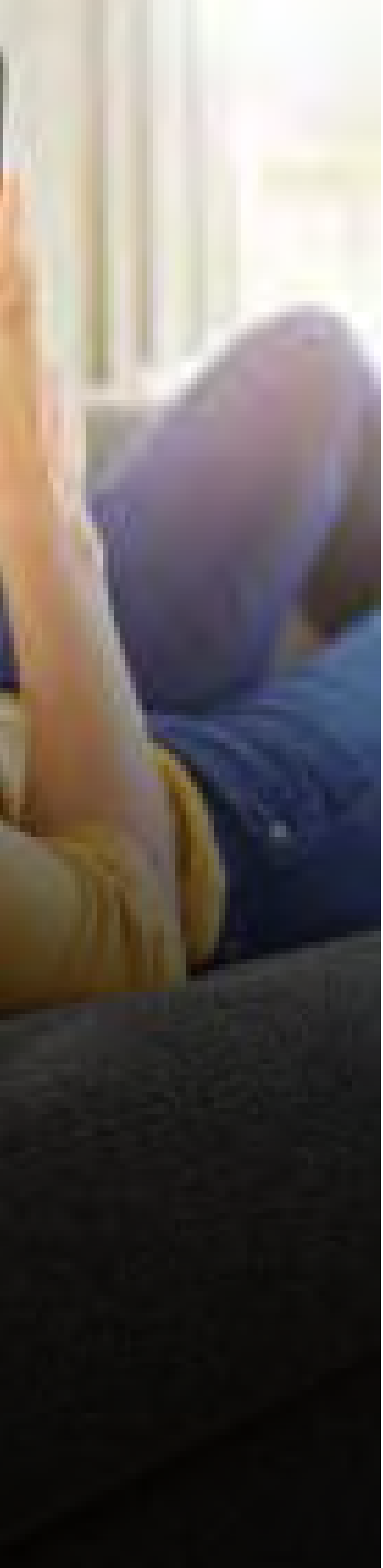
Playtech Turnkey Services

- Comprehensive tools and skills
- Player acquisition and retention
- Levels playing field

Playtech's Turnkey Services offer all the solutions an operator needs from product design, operational management, internal and external marketing tools, fully-customisable applications and around-the-clock interactive player support.

Our turnkey solutions bring more than a decade of expertise to assist those new operators preparing to enter highly competitive online regulated markets, including access to some of the most powerful marketing affiliates in the industry.

Our unparalleled range of services deliver material value and expertise to licensees across key elements of player acquisition and retention, achieving substantial financial rewards and cost savings.



Marketing

- » Unbeatable industry experience
- » Optimisation & results driven
- » Access to largest affiliate network

Playtech offers a comprehensive set of marketing services based on decades of gaming industry expertise.

Our offering includes the best performing affiliate marketing services including access to the industry's largest affiliate network with the tools to push our licensees' products through the world's leading e-gaming affiliate program.

Our experienced team of media buyers build multi-language campaigns and offer daily campaign tracking, with a strong focus on optimisation in order to obtain the maximum return on investment.

We also offer unbeatable Search Engine Optimisation services and product specific marketing strategies including player loyalty programs, communication tools and full trading room services for sportsbooks.

Payment advisory

- » Expert consultancy services
- » Extensive payment methods

Our professional consultants provide advice on all payment issues related to cashier, processing, risk management and financial performance, creating and simplifying the implementation of processing and payment models.

With an extensive choice of more than 50 payment methods, including credit card processing gateways, acquirers, e-wallets, EFT, bank draft pay out options via local banks worldwide, wire transfer and prepaid cards. A payment model can be customised to meet the specific requirements of each individual client.

Customer support services

- » 24/7 support
- » Unrivalled response times

Comprehensive customer support is crucial to the success of a gaming brand, from sign-ups, through to deposit, play and withdrawal.

Our email and telephone customer support is accessible 24/7 and is met by our team of highly skilled professionals with industry-leading customer response times.

Financial services

- » Unmatched reporting & analysis
- » Real-time monitoring

Our advanced financial reporting and analysis tools offer customers a comprehensive portfolio of financial services coupled with the ability to review and monitor a selection of online activities, all in real-time.

Our world-class financial tools include player pay out approval and decline, dispute withdrawal requests, wagering calculations, procedure submittal, document review and much more.

Hosting services

- » Tried, tested, trusted
- » Understand operator requirements

With many years of industry experience, our world-class hosting services offer peace of mind and work to ensure any operation remains secure at all times, providing DDoS prevention; DNS management; third-party services; geo-location services; maintenance services and client and banner hosting among others.

Our omni-channel gaming, software and services expertise means we understand operators' specific business needs, therefore our customers can rely on us to foresee every possible threat and issue, prevent unplanned system failure and ensure businesses are running safely and at their maximum potential.

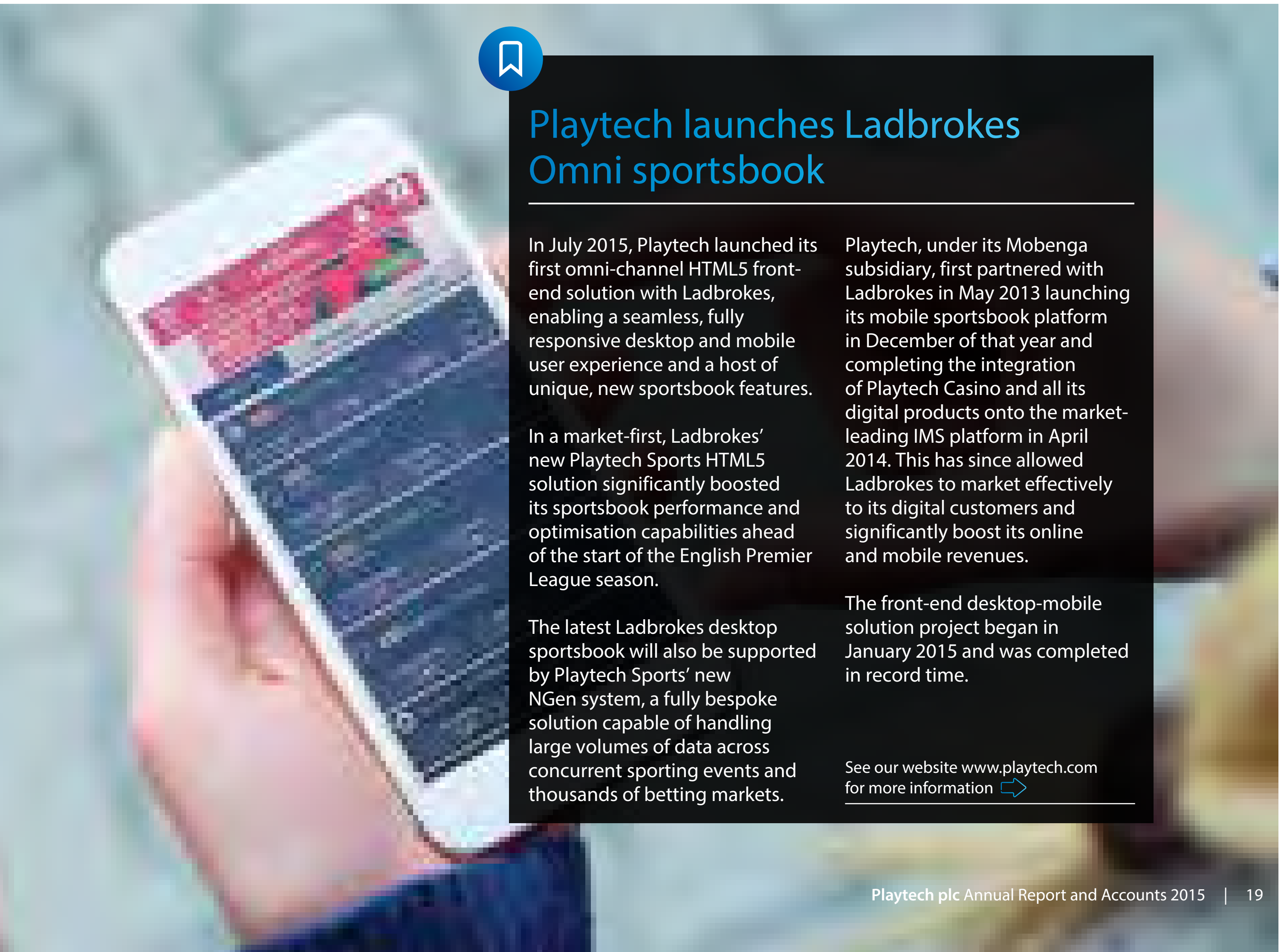
Fraud prevention

» Next generation tracking

» Rapid suspicious activity detection

As the gaming industry continues to grow, so too does the number of fraudsters keen to take advantage of the huge revenues earned by operators.

Our state-of-the-art tracking technology allows for the rapid detection of suspicious behaviour and the prevention of illegal activity, while our top tier management tools monitor deposits and withdrawals, track player activity and deliver automated alerts.



Playtech launches Ladbrokes Omni sportsbook

In July 2015, Playtech launched its first omni-channel HTML5 front-end solution with Ladbrokes, enabling a seamless, fully responsive desktop and mobile user experience and a host of unique, new sportsbook features.

In a market-first, Ladbrokes' new Playtech Sports HTML5 solution significantly boosted its sportsbook performance and optimisation capabilities ahead of the start of the English Premier League season.

The latest Ladbrokes desktop sportsbook will also be supported by Playtech Sports' new NGen system, a fully bespoke solution capable of handling large volumes of data across concurrent sporting events and thousands of betting markets.

Playtech, under its Mobenga subsidiary, first partnered with Ladbrokes in May 2013 launching its mobile sportsbook platform in December of that year and completing the integration of Playtech Casino and all its digital products onto the market-leading IMS platform in April 2014. This has since allowed Ladbrokes to market effectively to its digital customers and significantly boost its online and mobile revenues.

The front-end desktop-mobile solution project began in January 2015 and was completed in record time.

See our website www.playtech.com for more information

Acquisition adds new capability

See our website www.playtech.com for more on our acquisitions in 2015

In May 2015 Playtech was pleased to announce the acquisition of Markets Limited, an online CFDs broker and trading platform provider.

Markets Limited is an established, profitable and growing online CFDs broker and trading platform provider, offering services in more than 100 countries and in over 25 languages through three principal business segments.

Rapidly growing vertical

Markets Limited provides customers with a trading platform for CFDs trading (with its principal B2C brand being Markets.com). In addition, Markets Limited provides a turnkey offering, including a white-label solution, for B2B clients, in return for a revenue share. Markets Limited is licensed and regulated in the EU and South Africa.

Markets Limited employs over 500 staff globally, with offices in five countries.

Benefits of the transaction

The acquisition represents the best entry point into the growing online CFDs industry, which is regulated and complementary to the Group's existing business.

The acquisition gives Playtech access to the positive growth trends in this dynamic sector and helps to diversify Playtech's earnings by product, geography and customer base and improve its quality of earnings.

The sector remains somewhat fragmented and this is likely to give rise to further acquisition opportunities.

As part of the acquisition, Playtech secured a highly experienced management team who, through their retained shareholding in Markets Limited, are directly aligned with the interests of Playtech to drive the growth of the business in the coming years.

I am delighted to announce the acquisition of Markets Limited which provides entry into a highly complementary new market vertical where our combined operational superiority will enable exciting growth opportunities.

In addition to being immediately and significantly earnings enhancing, the payment terms for the acquisition are weighted towards future financial performance of the business. Markets Limited's proven management team has a strong cultural fit with our business and is incentivised to stay with the enlarged Group.

Mor Weizer
Chief Executive Officer, Playtech

Acquisition highlights

- Compelling opportunity to enter growing and complementary vertical driven by similar core competencies
- Directly in line with Playtech's strategy to acquire profitable, regulated, highly cash generative businesses with market-leading positions
- Experienced management team, with a proven track record, who will remain with the business
- Consideration at attractive multiple of up to 8x adjusted EBITDA
- Acquisition immediately significantly earnings enhancing

Leaders, innovators, pioneers

Our Gaming division continues to lead the industry and drive growth, driven by Playtech's enhanced IMS forming the infrastructure underpinning our pioneering omni-channel offering, which is gradually becoming the standard for the retail and online gaming industry, with our Financials division taking Playtech into a new, high-growth vertical

Mor Weizer
Chief Executive Officer

Overview: another record year of growth

2015 was an extremely busy year for Playtech, both operationally and strategically. I am delighted to say that we once again delivered a record financial performance with reported revenues up 38% and up 26% on an underlying basis.

Our Gaming division continues to lead the industry and drive growth, driven by Playtech's enhanced IMS forming the infrastructure underpinning our pioneering omni-channel offering, which is gradually becoming the standard for the retail and online gaming industry, with our Financials division taking Playtech into a new, high-growth vertical.

There are significant opportunities for further growth, both organically and through M&A, with a strong pipeline for 2016 and significant new wins expected, providing confidence in strong growth in 2016 and beyond.

Performance of the Gaming division

Overview

Our Gaming division has seen strong growth across regions and product verticals, driven by our strategy of focusing on regulated markets.

Licensees

During the year we achieved many new customer wins, evidencing the strength of our offering. We signed a total of ten new customers, including Sun Bingo, Marca, win2day, Mr Green and LeoVegas. In addition to new customer wins, we have seen existing customers expanding into new territories, expanding portfolios with us such as portal and mini-games, and strengthening relationships, such as with a single Playtech wallet. With such a strong performance in 2015, our pipeline remains strong and we expect more significant wins in 2016.

We not only secured additional customers that signed up to our best-of-breed software but also made great progress securing additional structured agreements and white-label arrangements, such as the Sun and Marca. Together with other licensees that signed structured agreements in previous years, such as Caliente, where momentum is building every quarter, we are seeing strong positive momentum with such agreements.

The ability to provide the combination of software and services is becoming a recurring theme we experience in regulated and soon-to-be-regulated markets and remains a key element of our future success. Not only are such contracts broad and potentially significant in size, they also cement the relationship with Playtech, its licensees and partners for many years.

10

Ten new customer wins

41%

Revenues from regulated markets (2014: 36%)

Regulated markets

Playtech continues to focus on regulated markets which now account for 41% of gaming revenues (2014: 36%) and approaching 50% when including revenues from Markets Limited. Whilst some unregulated markets still continue to grow significantly, the underlying expansion into regulated markets is expected to continue and support a positive trend in the coming years given Playtech's focus and investments made in different regulated and soon-to-be-regulated markets.

The growth from regulated markets is a combination of new licensees, organic growth of existing licensees that are already established in different regulated markets, the introduction of new regulated gambling formats and marketing investments diverted to regulated markets by various operators that traditionally operated in unregulated markets and are still in the transition process – a trend we expect to continue.

On the official date set by Spanish regulator La Dirección General de Ordenación del Juego (DGOJ) for the allowance of casino slot games in June 2015, Playtech announced that it would supply all existing local licensees with access to its extensive, industry-leading slots portfolio. The Spanish gaming regulator approved slot games in July 2015 and reopened its licensing window in November 2014, the first time this has taken place since the market regulated in June 2012. Given the popularity of retail casino formats in Spain the inclusion of online casino games and slots in Spain is seen as an important milestone and will serve to increase Playtech's market share as licensees enjoy the ability to cross-sell between different products in a similar fashion to the example set in the UK and Italian markets, with sports being the main gateway to casino and the popularity of slot games.

Other markets across Europe, Latin America and elsewhere are in the process of considering regulations. This trend is inevitable and we expected this to continue in the coming quarters. Many markets across Europe, including Portugal, the Netherlands, Switzerland, Sweden and the Czech Republic are in the process of regulating, as well as various markets in Latin America, such as Brazil, which has indicated that it is in the process of regulating online sports betting.

We see significant opportunities to establish ourselves in these markets as Playtech is a natural choice given its ability to provide a combination of best-of-breed technology and services across all channels, its market leading position and proven track record.

Playtech ONE: omni-channel offering

Playtech's pioneering Playtech ONE offering allows players a seamless, 'anywhere-anytime' gaming experience across any product, channel and device, all using a single account and single wallet and is critical to allowing our licensees to outperform. The Playtech ONE approach and offering not only makes the customer journey seamless across different channels, it also provides more visibility across the different channels and therefore makes it easier to identify, track and, most importantly, better communicate and better serve their customers.

Our proven track record of working with various operators in regulated markets clearly shows that there is an overlap in demographics of retail and online, that traditional retail customers playing online are more valuable, and that the acquisition costs associated with such players are far lower when compared to direct acquisition channels and therefore extremely beneficial to the operators.

In April 2015, Playtech announced that it would increase the workforce developing the omni-channel solution as it prepares to undertake several large-scale omni-channel projects in the UK and emerging markets. Sports betting has seen the largest investment as part of the Playtech ONE strategic. Sports betting is a key element of Playtech ONE as online sports betting is one of the first formats to be regulated in newly regulated markets and acts as the gateway to other gaming products. It is also one of the first to be adopted by retail betting operators since sports represents their core business and an extension to online sports betting is a natural choice for them.

In 2015, Playtech announced the launch of its first omni-channel HTML5 front-end solution with Ladbrokes, enabling a seamless, fully responsive and fully adaptive desktop and mobile user experience and a host of unique, new sportsbook features. In a market-first, Ladbrokes's new Playtech Sports HTML5 solution significantly boosted its sportsbook performance and optimisation capabilities ahead of the English Premier League season.

In November 2015, Playtech launched omni-channel content across Mecca Bingo's entire product range including its new Mecca Max handheld devices enabling the leading brand to offer players the ultimate gaming experience. The ground-breaking, 'anywhere-anytime', seamless connection of Playtech ONE omni-channel games and systems across every channel and device – including Mecca's retail, online, mobile and 12,000 in-hall bingo handheld terminals – is the first time a supplier has successfully launched a combined bingo software and content strategy. The move followed the launch earlier in the year of Playtech's industry-leading retail server-based software across Mecca Bingo's entire suite of 2,300 UK terminals and a number of other successful omni-channel system integrations including the pioneering Coral Connect. The nationwide retail deal, signed in the summer in partnership with SG Gaming, boosted Playtech's already important role in the UK LBO market and is its largest ever within the UK retail bingo sector. It also complements the existing long-term online bingo partnership with Mecca, a key, tier-one Playtech licensee.

Finally, at ICE 2016 Playtech showcased many new omni-channel innovations, including the ability to cash-out retail sport-bets on online devices and true omni-channel slot games designed so that additional features are unlocked as the players move between the different channels to play the same game.

Mobile

Mobile continues to be a core part of our growth strategy with Playtech taking an omni-channel approach to the way it develops new products that includes a mobile capability of each version of its software and games. The importance of mobile is supported by its growing share of revenues, representing 21% of 2015 software revenues compared to 16% in 2014, with a significant majority of Sports revenues coming through this channel. Whilst Mobile has existed for some time it is only partially adopted by various operators and we expect that mobile gaming will increase over time to become a very significant channel for gaming.

2015 was an extremely busy year for Playtech, both operationally and strategically.

Product

Playtech continues to lead innovation and can deploy unmatched research and development resources, all of which is available to our licensees.

At the start of 2015, Playtech unveiled a series of never-before-seen features within an expanded Virtual Sports portfolio, including a fully simulated football game, allowing for realistic betting and gameplay. Each game employs leading-edge graphics based on feature film motion capture technology, shot on location and using professional sportsmen and women. Realistic odds and an increase in betting options, multiple languages with local language commentaries and in-game branding provide both operators and their players with the ultimate virtual sports experience.

The power of the Company's development capability was demonstrated in April 2015 when, coinciding with the launch of Apple Watch, Playtech launched its first sports betting App for wearable devices – including Apple Watch. A team of Playtech's most experienced developers worked intensively to deliver the Apple Watch betting App, presenting it for approval by Apple as soon its submission window opened at the beginning of April. Playtech's Apple Watch App was made available to all licensees at launch with GalaCoral being the first to roll-out the App to its extensive UK and European player base in an extension to its multi-year 'Coral Connect' omni-channel contract. The App enables users to initiate bets, browse live and forthcoming sporting events, monitor promotions, receive alerts via technology linked to a user's iOS mobile application and features full cash out functionality.

In November 2015, Playtech launched live Prestige Roulette, a modern-day variant of the classic casino table game. Set in an intimate, neon-lit environment Prestige Roulette enables players to get closer to the action and the dealer with the game replicating a real-life, one-on-one VIP casino experience. While the ball spins in expectation of a big win, the tension is heightened with multiple in-game camera angles, revenue-enhancing quick-fire betting rounds, and an instant replay of the previous game win. Players are further empowered and engaged with the ability to display or hide the bet table on any channel or device by clicking or touching the middle of the screen. Once the bet table is minimised players gain access to a full-screen view of the action, further intensifying the personal look and feel of playing one-on-one with the dealer. Prestige Roulette is available across all channels and platforms, Flash, HTML5 and native and features enhanced video quality and high resolution.

Gaming division performance by vertical

Casino

Playtech's flagship Casino product was once again the largest contributor to Playtech's growth, with revenues increasing 26% in the year.

Playtech continued to further extend its content library, strengthening what is already the largest content portfolio in the online gaming industry, including launching a 'supersonic', premium branded, and officially licensed slot game themed on the iconic action classic Top Gun which coincided with the classic film's 30th anniversary in 2016 and Tom Cruise saying earlier in 2015 that he "would like to fly those jets again" in a sequel currently being written.

After the year end, Playtech signed a multi-year landmark licensing deal with Warner Bros. Consumer Products, on behalf of DC Entertainment, to develop four iconic DC Comics branded film and television properties into leading omni-channel casino games. These action-packed real-money casino games are set to begin rolling out this year. The four titles include the DC Comics 1960's Batman Classic TV Series, as well as Warner Bros. Pictures' feature films, Man of Steel (2013), Green Lantern (2011), and Superman I (1978) and Superman II (1980). All of Playtech's global content studios have been engaged to work on, design, develop and deploy games based on these coveted properties from DC Entertainment and Warner Bros. Consumer Products.

Services

Services revenues increased 17%, benefiting from recently signed structured agreements, enjoying greater penetration of its customer base and positively impacted by the addition of the newly established white-label offering. Playtech saw particularly strong momentum with existing structured agreements such as Caliente, which is building to become one of the leading online operators in Mexico, and other new licensees signed such as Marca and Sun Bingo which will be launched in late 2016. Founded on the strength of Playtech's track record and strength of offering, we expect the continued growth of existing licensees and additional new licensees in existing and soon to be regulated jurisdictions.

Services offers a unique set of operational capabilities and expertise that are unparalleled in an industry divided between software providers, that lack such services capabilities, and operators that are not inclined to share their know-how with other operators that could potentially become a competitor. Accordingly, Playtech is the natural choice for gaming customers in different regulated markets that understand that the winning combination is a well recognised brand, online marketing and CRM skills all driven by best-of-breed technology. They also understand that time-to-market is extremely important. Playtech is best positioned in such markets as it can not only provide them with a best-of-breed technology but can also complement it with online expertise and capabilities, which are very different than those which exist in their retail operations and provide it ahead or as soon as regulations are being introduced.

Our modular offering is proven to be highly successful as services is not a 'one size fits all' but rather a fully customised solution in accordance with the specific requirements of each company. It also allows Playtech to position itself in different regulated markets with not only well established retail gaming operators but other types of organisations, such as existing online operators and media companies.

Bingo

Bingo revenues increased by 17% with significantly increased mobile and tablet penetration. A major promotion in December was a significant contributor to it being biggest month of the year for Bingo.

Bingo side games, which are recorded under the Casino line item, increased in line with the growth in core Bingo activity, also driven by the mobile offering, including 'mobile first' features and functionality such as lottery style interactive scratchcards.

The year saw further strengthening of relationships with existing Bingo customers as well as a new five-year deal with News UK to operate its Sun Bingo and Fabulous Bingo websites and mobile variants. The sites will launch at the end of the third quarter following the migration of existing players to Virtue Fusion's leading UK bingo network.

The Sun Bingo and Fabulous Bingo are amongst the largest and most successful bingo offerings that exist in the UK. Playtech's bingo liquidity pool combined with its operational expertise and capabilities enabled the company to secure this highly lucrative agreement.

Earlier in the year, work was completed on an HTML5 only platform, allowing Playtech to operate from one code base thereby increasing productivity as well as having the additional benefit of being a true multi-channel single look and feel offering across desktop, mobile and tablet.

In February 2015, Playtech announced the launch of Rainbow Riches Bingo – the first ever bingo variant of the iconic cross-channel brand, licensed and developed in partnership with Scientific Games. The UK's most popular retail slot game, which enjoys huge success in the land-based bingo market, it was launched as a mobile and online bingo variant with a £100,000 promotion in the run up to St Patrick's Day on 17 March 2015.

Sport

Revenues from Sports grew 22% in the year with a significant increase from mobile.

Sports remains largely an untapped market for Playtech and we expect it to continue growing rapidly in this developing and growing market. We identified a very significant opportunity in developing certain initiatives with some of our existing large licensees as well as new potential bookmakers as regulations develop. Playtech's Sports offering represents a significant potential growth opportunity for the Group as further business wins are achieved in line with the Group's strategy and continued focus.

In recent years, new digital formats of sports betting, such as tablets and SSBTs (Self Service Betting Terminals), have been introduced in retail sports betting outlets and even over the counter activities are being digitised, introducing new ways for customers to transact in retail environments. In addition, sports betting has been regulated in over 20 markets with a further 15 markets in the process of regulating sports and gaming currently.

Such a combination of retail operations transforming into the digital age, together with markets allowing online sports betting, creates a very significant opportunity for operators and Playtech alike.

Sports remains one of the critical components of our Playtech ONE offering. It acts as the gateway into gaming across both retail and online and is traditionally one of the first, if not the first, product to be regulated. The ability to provide an integrated retail and online sports system, offered through web and mobile, complemented by best-of-breed gaming products is unique and highly attractive to many operators across Europe and elsewhere, as most operators use old proprietary legacy retail systems that are not scalable and do not fit the digital age.

As markets become more competitive, operators and bookmakers in particular search for different ways to differentiate themselves from their competitors and some bookmakers decided to develop the mobile front end of their offering internally. While the mobile front end is the simplest and the least sophisticated part of a true omnibus channel sports offering, Playtech continues to invest into a very flexible mobile front end framework and capabilities that will allow operators to distinguish themselves from their competition.

2016 is expected to see revenues from Sports decline due to the loss of three Mobenga contracts with UK licensees who are replacing with their own user experience platform.

Land-based

Land-based revenues jumped by 79% boosted by the first full year inclusion of Videobet Interactive (formerly Aristocrat Lotteries) and supplemented by strong growth from Videobet and IGS.

Following the acquisition of Videobet Interactive, Playtech's leading land-based operation further extended its reach and diversification across key regulated markets. The acquisition also created cross-selling opportunities in existing and new jurisdictions with the benefit of this cross-selling contributing to growth in the year.

Videobet performed strongly during the year with several thousand terminals rolled-out across multiple licences. Mecca Bingo ordered 2,300 cabinets which were delivered in H1 2015 and which are generating revenue, with 500 supplied to RAY and 370 to QuickSilver Talarius. Also, in a highly competitive public procurement bid Videobet won a game supply contract with Norsk Tipping, the Norwegian state owned gaming monopoly, to supply games for the Multix (kiosks) and Belago (bingo halls).

Our presence in land based environments is still very limited and we believe that our omni-channel offering combined with our machine technologies and content, will become increasingly appealing to different operators, not only driving momentum in the coming years but also supporting our efforts to provide online products creating significant cross-selling opportunities driven by the inevitable convergence between the land based or retail and online activities.

Poker

Poker remains a challenging vertical due to unfavourable wider market trends, with revenues down 19% in the half compared to the same period last year, although already from a very low base.

During 2015 we made significant investment in iPoker technical infrastructure as well as in our New Player Valuation. This investment stabilised our poker ecosystem and was the first step in our recreational player strategy that allowed us to merge our two-tier liquidity pools into a single tier and prepared the ground for further investment in our poker product offering.

During the second half of 2015, Playtech's focus shifted from the network infrastructure to our product offering to cater for our recreational player strategy. During this period, we successfully started to rollout our new mobile product with mobile poker increasingly important as an acquisition channel since players via this channel are typically more recreational.

We continuously work together with our licensees on improving our product offering, stabilising our ecosystem and network against the downward trend in poker over many years. During the first half of 2016 we plan to continue improving our product offering with the introduction of a new client, new game types and new CRM tools to cater for our recreational strategy.

Creation of the Financials division

Overview

Playtech has a stated strategy to acquire profitable, regulated, highly cash generative businesses with market-leading positions. The first half of 2015 saw the creation of Playtech's Financials division through the completed acquisition of TradeFX Limited, which has subsequently been renamed Markets Limited, an online CFDs broker and trading platform and services provider, operating in more than 100 countries and in over 25 languages, with both B2C and B2B offerings. The initial consideration for the acquisition was €208m with additional cash consideration of up to €250m payable based on Markets Limited's financial performance for the financial year ending 31 December 2017.

Founded in 2009, Markets Limited employs approximately 500 staff globally, with offices in five countries around the world. Markets Limited operates its B2C brand, Markets Limited, utilising proprietary technology and CRM capabilities focused on increasing customer conversion rates and maximising customer lifetime value.

The acquisition represented a compelling opportunity to enter a growing and complementary vertical driven by similar core competencies to Playtech's Gaming division and was directly in line with Playtech's M&A strategy. Markets Limited also came with an experienced management team, with a proven track record, who will remain with the business.

Changes to the business model of Markets Limited

The regulatory backdrop under which Markets Limited operates has become increasingly developed, with tighter restrictions and controls imposed on brokers. Examples of this can be found both across Europe and in certain specific jurisdictions, such as changes to when 'trading incentives' can be granted, limiting leverage, enhancing onboarding requirements, stricter interpretation of procedures and greater regulatory scrutiny in general.

Against this backdrop, Playtech is taking a risk-averse approach and has taken the decision to improve its business model to further enhance compliance, control and oversight, setting industry-leading standards in these areas:

- introducing stricter on-boarding procedures, controls and processes, going beyond industry standards;
- further developing our media buying technology, with strong focus on marketing our own trading platform as the main channel for growth;
- focusing on the core brand of Markets Limited;
- the cessation of trading relationships with large business introducers in respect of the core brand; and
- establishment of B2B relationships leveraging on servicing our technology and CRM capabilities, with a strong pipeline for 2016.

In certain jurisdictions, where practicable, Markets Limited introduced its previously contracted business introducers to other regulated businesses where it provides a range of different turnkey B2B services.

These quality improvements to the business will lay the foundations for future growth through:

- customer acquisition through automated funnels;
- better technology, with a wider offering of instruments;
- enhanced automation of on-boarding processes;
- focus on CRM activities;
- control over brand; and
- strong B2B pipeline extending our reach to new geographies with local regulations.

These improvements will ensure that Markets Limited is better placed to capture new profitable business whilst at the same time ensuring that the very highest standards of compliance are at the forefront of its strategy.

However, as a result, whilst the business is expected to see strong growth in KPIs, positioning the business for sustained growth, total revenue growth in 2016 will be impacted due to the transition away from indirect revenues from business introducers to focusing on direct activity and further expanding B2B relationships. Adjusted EBITDA margin in 2016 will also be impacted due to the strong focus on investing for future growth in KPIs through increased direct marketing initiatives alongside further investment in media buying technology, compliance systems and marketing.

Other M&A and investments

Ladbrokes and GalaCoral

Both Ladbrokes and GalaCoral are key licensees of Playtech.

As part of the recommended merger between Ladbrokes and certain businesses of GalaCoral announced in July 2015, to assist in providing flexibility for the combined entity to achieve integration and realise synergies, Playtech agreed, conditional upon completion of the merger, to accelerate the determination of amounts due to it under its marketing services agreement with Ladbrokes. The sum agreed was £75m, of which £40m will be satisfied by way of the issue of shares in the combined entity on completion with a further guaranteed £35m in cash paid upon delivery by Playtech of key operational milestones but, in any event, within 42 months following completion.

In addition, demonstrating its support for the proposed merger, Playtech acted as a cornerstone investor, taking 22.9% of the c.9.99% equity placing announced by Ladbrokes at the time of the announcement of the merger. Subsequent to this, Playtech purchased further shares in Ladbrokes to take its total holding to 9.7%.

There are significant opportunities for further growth, both organically and through M&A, with a strong pipeline for 2016 and significant new wins expected, providing confidence in strong growth in 2016 and beyond.

Yoyo Games

In February 2015, Playtech announced the acquisition of UK-based Yoyo Games Limited for \$16.4m (€14.4m). Yoyo is the home of Game Maker: Studio, a mobile driven cross-platform casual game development technology that enables developers to create games using a single programming code and then publish them to run natively across most common platforms, including iOS, Android, OS X, HTML5, PlayStation, Xbox, Ubuntu, Windows 8, Windows Phone 8 and Windows RT.

Plus500

Following the acquisition of Markets Limited, Playtech announced a £460m recommended cash offer for Plus500, a developer and operator of online trading platforms for retail customers, on 1 June 2015. Having secured the support of both shareholders of Playtech and Plus500, the acquisition was initially expected to complete in September, subject to regulatory approvals.

Regulatory approval was received from the Cyprus Securities Exchange Commission and Playtech was in active dialogue with the Financial Conduct Authority ('FCA') in relation to its proposed acquisition of Plus500, including in relation to certain concerns raised by the FCA which the Company considered could be resolved to the satisfaction of the FCA prior to 31 December 2015, being the effective long-stop date for the transaction to complete.

However, following an update from the FCA late in the afternoon of Friday 20 November 2015, the Board of Playtech took the view that the steps being proposed to address these concerns would not sufficiently satisfy the FCA to enable Playtech to obtain the FCA's approval by 31 December 2015, and therefore withdrew its change of control application to the FCA. Playtech discussed with Plus500 the consequences of the developments with the FCA and agreed to the termination of the merger agreement. Accordingly, the acquisition of Plus500 did not proceed.

Playtech did not incur any financial penalties with respect to the termination of the acquisition of Plus500. Playtech still holds 9.9% of Plus500 which was acquired during the offer process and has no immediate plans with respect to this holding.

Ava Trade
Prior to the acquisition by Playtech, Markets Limited had secured an option to acquire Ava Trade, an online B2C CFD broker. In July, Playtech announced that it had acquired Ava Trade for $105m, subject to regulatory approvals.

Having already received approval from the Financial Services Commission in the British Virgin Islands, the Central Bank of Ireland ('CBI') opposed Playtech's acquisition of Ava Trade, a decision which Playtech formally challenged.

The appeal was allowed by the Irish Financial Services Appeals Tribunal, with the consent of the CBI, on the grounds of error in the CBI's decision-making process. The appeal therefore succeeded. In these circumstances, the matter was remitted to the CBI for reconsideration and a new decision.

However, although the application was referred back to the CBI for further consideration, the proposed acquisition of Ava Trade had already been terminated by the sellers and so Playtech withdrew its application, bringing the process to a conclusion.

Playtech did not incur any financial penalties other than forfeiting the $5m non-refundable deposit already paid by Playtech on the signing of the acquisition.

Current trading and outlook

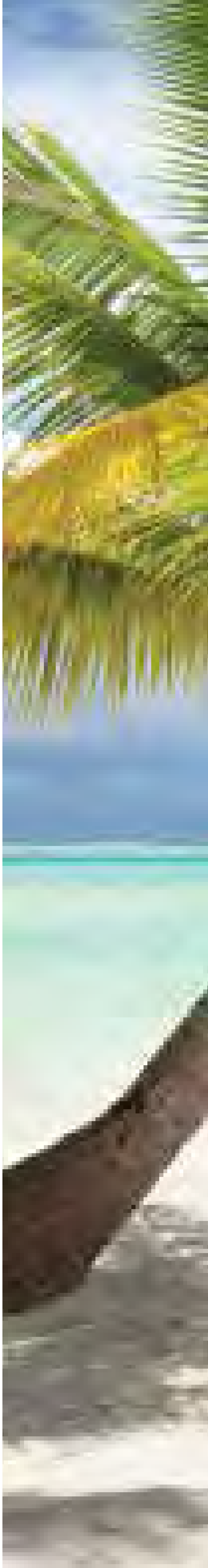
Average daily revenue in the Gaming division for the first 53 days of Q1 2016 was up over 12% on Q1 2015 (18% at constant currency) and up over 2% on Q4 2015 (7% at constant currency) mainly due to growth across the business including improved commercial terms and new customers in Asia.

Markets Limited has seen a strong start to 2016 driven by strong volatility with positive momentum from direct business following improvements to business model.

The momentum in the business and the strength of our pipeline gives me confidence in strong growth in 2016 with stronger growth in the Gaming division offsetting lower growth in the Financials division.

Mor Weizer
Chief Executive Officer

25 February 2016



Beach Life player surfs up £3.7m jackpot win

In July 2015, Playtech announced that a UK player had surfed his way to a massive £3.7m online progressive jackpot win on Playtech's Beach Life slot game – the second largest of its kind in the company's 16-year history.

The five-reel slot game is one of Playtech's most popular in-house titles and holds the record for the company's largest ever Jackpot win of £4.4m in February 2012.

The jackpot winner, username 'Hilton', was playing 50p per line, or £10 per spin, on bgo.com and unlocked five sunshine symbols to reveal the colossal sum. The prize is a gigantic 379,904 times the player's stake and 142 times the average UK salary.

Read more at www.playtech.com

Realising opportunities

The strength of our operational performance has translated into a strong financial performance for the year with revenue and adjusted EBITDA up 38% and 22% respectively

Ron Hoffman
Chief Financial Officer

Presentation of results

The Directors believe that in order to best represent the trading performance and results of the Group, the reported numbers should exclude certain non-cash and one-off items including amortisation of intangibles on acquisitions, professional costs on acquisitions, finance costs on acquisitions, one-off provision against irrecoverable cash, and additional various non-cash charges.

Underlying results are presented in respect of the above measures in order to best represent the trading performance and results of the Group. Underlying results exclude acquisitions, associate investment and structured agreements, and the impact of the UK POC tax (which is a one-off adjustment for the 2015 financial year) being the increased costs in the white-label operations and reduced earnings in our B2B revenues.

The Directors believe therefore that Adjusted Profit represents more accurately the trading performance of the business and is the key performance metric used by the Board when assessing the Group's financial performance. A full reconciliation between the actual and adjusted results is provided in Note 4 of the financial statements on page 102.

Overview

Playtech delivered a strong financial performance in 2015 with total reported revenues up 38% vs 2014. Excluding acquisitions and after adding back the effect of the UK POC tax, the underlying revenue growth was 26%.

Total regulated revenues increased to represent 46% of total revenues, which were positively impacted by the regulated revenues from Markets Limited. For the Gaming division on a standalone basis, regulated revenues increased to 41% from 36%. In light of the industry transition to regulated formats, regulated revenues in the Gaming division grew faster than .com with reported growth of 36% compared to 16% for .com (excluding acquisitions).

Adjusted EBITDA was up 22% in the year, despite a lower adjusted EBITDA margin of 40.0% (2014: 45.3%), due to the impact of acquisitions, the effect of UK POC tax introduced in December 2014 and lower margin of the recently established white-label activity. Excluding acquisitions and when adding back the effect of the UK POC tax, the underlying adjusted EBITDA growth was 44.9%.

Playtech remains highly cash generative and once again delivered strong operating cashflows of €202m, representing high conversion from adjusted EBITDA. In addition to these operating cash inflows, Playtech raised €313m through an equity placing to fund future acquisitions and drew down €240m of revolving credit facilities, of which €40m was repaid in Q4 2015.

Playtech has a very strong balance sheet with cash and cash equivalents of €858m at the year end. In addition to total cash and cash equivalents, available-for-sale investments were €237m, an increase of €213m in the year, mostly comprising investments in Plus500 and Ladbrokes.

Revenue

Total revenue increased by 38% to €630.1m (2014: €457.0m) with underlying growth of 26% (excluding acquisitions, after adding back the effect of the UK POC tax) and 16% at constant currency.

Split of Gaming revenues by vertical

	2015 €m	2014 €m	Change %
Casino	308.7	244.2	26
Services	155.6	132.8	17
Sport	32.2	26.3	22
Land-based	29.8	16.6	79
Bingo	20.5	17.5	17
Poker	11.2	13.8	-19
Other	12.1	5.8	110
Gaming division	570.1	457.0	25
Financials division	60.0	–	–
Total revenue	630.1	457.0	38

Casino, our biggest product vertical, continued to be the strongest contributor to growth, adding €64.5m of additional revenues in the year to take Casino revenues to €308.7m. Casino growth was 14% excluding acquisitions at constant currency, or 16% when adding back the effect of the UK POC tax, driven by growth from top UK operators (including Sky, GalaCoral and Ladbrokes) and significant growth in Asia. The majority of the growth in Casino came from core web casino, being mainly slots and roulette, with Bingo side games and Playtech Open Platform also seeing good growth. Mobile casino revenues more than doubled in the year with mobile penetration increasing to 16% from 10% in 2014.

Services revenues increased by 17% in the year, with growth derived from operational services and supporting Playtech's white-label operations. Excluding acquisitions and after adding back the effect of POC on a constant currency basis, services revenues increased 14%.

Sport enjoyed strong growth with revenues increasing 22% to €32.2m with the majority of this growth coming from the Mobenga platform provided to top tier UK licensees. 2016 is expected to see revenues from Sports decline due to the loss of three Mobenga contracts with UK licensees who are replacing with their own user experience platform later in the year.

Land-based revenues jumped by 79% on a reported basis and 40% when excluding acquisitions on constant currency basis, driven by strong growth from Videobet and IGS and the first full year inclusion of Videobet Interactive lotteries.

Bingo revenues increased 17% in the year on a reported basis and 11% on an underlying constant currency basis and after adding back the effect of POC, with growth from all major licensees and with a significant increase in the mobile channel, accounting for 20% of revenues, up from 14% in 2014.

The online Poker market continues to be challenging with revenues down 19% in 2015.

Revenues in Financials division

Playtech completed the acquisition of Markets Limited on 7 May 2015 and accordingly has consolidated the financial performance from this date into Group results.

Markets Limited generated pro-forma full year revenue of $100.2m with a post-acquisition contribution to Playtech of $66.5m (€60.0m). Active CFD customers of 62.1k in 2015 were up 30% over 2014, with first time depositors (FTDs) for CFDs of 48.9k, up 25%.

Adjusted EBITDA & Adjusted EBITDA margin

The adjusted EBITDA margin of 40.0% was impacted by acquisitions and the white-label activity together with the impact of the UK POC tax. The underlying adjusted EBITDA margin (after excluding acquisitions and the impact of the UK POC tax) was 44.9% or 47.8% when further stripping out the effect of lower margin white-label activity. After making these adjustments, and on a constant currency basis, the margin was 46.3%, broadly in-line with the margin in 2014.

Post-acquisition, Markets Limited contributed adjusted EBITDA of $17.8m (€15.9) with a margin of 26% due to lower volatility and the changes made to improve the business model.

Adjusted EBITDA & Adjusted EBITDA margin

	2015 €'000	2014 €'000
EBITDA	**234,011**	**197,903**
Irrecoverable deposits and professional fees on abandoned acquisitions	6,792	–
Professional expenses on acquisitions	6,181	212
Employee stock option expenses	4,904	364
Decline in fair value of available-for-sale investments	–	8,668
Adjusted EBITDA	**251,888**	**207,147**
Adjusted EBITDA margin	**40.0%**	**45.3%**
EBITDA related to acquisitions	(13,374)	(766)
Effect of UK POC tax	17,056	1,068
Underlying adjusted EBITDA	**250,570**	**207,449**
Underlying adjusted EBITDA margin	**44.9%**	**45.9%**

Playtech had a busy year in 2015, with a combination of organic growth, new business wins, bolt-on acquisitions and entrance into a new complementary vertical in the financial trading space. We have also seen further penetration of our mobile offering in key markets, phenomenal results with our omni-channel Playtech ONE offering with a significant partner as well as providing our customers with enhanced capabilities, through business intelligence, and real time analytics.

Cost of operations

Adjusted operating expenses increased €128.4m, an increase of 51%, from €249.8m to €378.2m in 2015. €56.0 of the €128.4m increase came from acquisitions. The underlying operating expenses (excluding acquisitions and the effect of the UK POC tax), increased by 28%, in line with the 26% growth in underlying revenues. Excluding acquisitions, the effect of the UK POC tax and on a constant currency basis, adjusted operating expenses increased by 21% to €295.9m.

Revenue-driven costs comprise mainly direct marketing costs related both to the Gaming Services division and the Financials division, fees paid to sales agents and license fees paid to third parties, including games developers, IP owners and branded content, which are typically calculated as a share of the licensee revenues generated. Revenue-driven costs as a proportion of total revenue increased from 8% to 10%, mostly as a result of additional cost related to the white-label operations and the entrance into the B2C Financials division.

Employee-related costs, as a proportion of adjusted non-revenue-related costs of operations decreased to 59% even when excluding acquisitions. Capitalisation of development costs, remained at the same 14% level from total employee related costs as seen in 2014 and total capitalised development cost was €29.7m (2014: €20.1m). Total employee-related costs excluding acquisitions, were €151.5m (2014: €124.7m).

Cost of service comprises of dedicated development teams cost, charged back to licensees, hosting and software license cost. The increase is mostly as a result of an increase in the dedicated teams' headcount and new licensed technologies supporting continued investment into the IMS backend capabilities and the BIT offering.

Admin and office costs when excluding acquisitions were slightly lower as a proportion of adjusted non-revenue-related costs of operation at 10%, with an increase of 12% to €24.3m.

Finance income, financial cost and tax

Finance income decreased from €19.2m in 2014 to €14.6m in 2015 primarily as a result of foreign exchange movements on Sterling cash balances with the Euro strengthening.

Adjusted financing costs increased from €0.7m in 2014 to €5.2m in 2015, due to interest on the new credit facilities and a one off facility establishment cost.

The Company is tax registered, managed and controlled from the Isle of Man, where the corporate tax rate is set at zero. The Group's trading subsidiaries are registered either in the Isle of Man, British Virgin Islands, Alderney, Gibraltar or Cyprus, where effective tax rates are low or set at zero. Other subsidiaries (normally related to the Group's development centres) are located in other jurisdictions and operate on a cost plus basis, and are taxed on their residual profits. The tax charge in 2015 was €5.6m (H1 2014: €2.9m).

Cost of operations

	2015 €'000		2014 €'000	
Adjusted operating expenses	378,198		249,833	
Less revenue-driven cost	65,670		37,495	
Adjusted operating expenses excluding revenue-driven costs	**312,528**		**212,338**	
Employee-related costs	183,573	59%	133,034	63%
Cost of service	43,245	14%	32,233	15%
Administration and office costs	28,702	9%	22,753	11%
Other costs	26,129	8%	15,248	7%
Marketing White-label/Financial B2C	19,264	6%	572	–
Travel, exhibition and marketing costs	11,615	4%	8,498	4%
Adjusted operating expenses excluding revenue-driven costs	**312,528**		**212,338**	

Playtech launches Apple Watch sports betting App

In April 2015, Playtech launched a wearable sports betting App available to all licensees – including full Cash Out functionality – for the new Apple Watch which went on sale that day, with Coral the first operator to brand the ground-breaking product in an extension to its pioneering omni-channel 'Connect' solution.

A team of senior Playtech mobile developers built on the Company's previous Android Wear sports betting release and worked intensively to develop the Apple Watch betting App, submitting it as soon as Apple opened its submission window at the beginning of April.

The App enables first adopters of the watch to initiate bets, browse live and forthcoming sporting events, monitor promotions, and receive alerts via technology linked to a user's iOS mobile application.

Uniquely, and unlike other Apple Watch applications, once a bet is in progress Coral Players have access to Cash Out functionality enabling them to instantly profit from winning positions in real-time.

A player simply touches the Coral App on the Apple Watch and is given immediate access to a grid of eight initial sports including football and tennis. After selecting a preferred sport they are able to view a list of ongoing and upcoming games complete with a series of betting options, as well as the choice of accessing 'My Bets' that displays current bet status and betting history.

Read more at www.playtech.com

Adjusted profit and adjusted EPS

	2015 €'000	2014 €'000
Profit attributable to owners of the parent	135,810	140,327
Amortisation on acquisitions	41,751	39,057
Non-cash accrued bond interest	9,388	1,113
Professional expenses on potential acquisitions	6,792	–
Professional costs on acquisitions	6,181	212
Employee stock option expenses	4,904	364
Movement in deferred and contingent consideration	1,088	439
Decline in fair value of available for sale investments	–	8,668
Provision against irrecoverable cash	–	593
Adjusted profit – attributable to owners of the parent	**205,915**	**190,773**
Adjusted basic EPS (in €cents)	**67.5**	**65.9**
Adjusted diluted EPS (in €cents)	**67.4**	**65.6**
Adjusted net profit related to acquisitions	(8,720)	413
Intangible asset write off	1,210	–
One-off facility costs	1,550	–
Share of associate investments acquired	5,856	695
Effect of UK POC tax	17,056	1,068
Underlying adjusted profit – attributable to owners of the parent	**222,866**	**192,949**

Adjusted net profit and adjusted earnings per share

Adjusted profit increased by 8%, impacted by mainly lower finance income and higher finance cost, as detailed above, together with a higher share of loss from associates. Adjusted diluted EPS was up 3% despite an increase in shares from the placing in June 2015. Adjusted diluted EPS is calculated on the basis of a weighted average number of shares in issue in 2015 of 305.5m which does not include the shares underlying the convertible bond issued in November 2014.

Total amortisation in the period was €69.6m (2014: €60.1m). The increase is mainly due to an increase in amortisation on acquisitions together with the amortisation generated by new acquisitions and natural growth.

Cash flow

Playtech continues to be highly cash generative and once again delivered strong operating cashflows of €201.9m. In addition to these operating cash inflows, Playtech raised €313.0m through an equity placing to fund future acquisitions and drew down €200m of revolving credit facilities.

Net cash outflows from investing activities totalled €481.5 in the year. €178.9m of this related to acquisitions made in the year including Markets Limited and YoYo Games and €209.8m related to the investment in the shares of Ladbrokes and Plus500. Cash outflows from financing activities included €81.8m of dividend payments.

Balance sheet and financing

As at 31 December 2015, cash and cash equivalents amounted to €857.9m, an increase of €165.6m in the year. Material movements in cash resulted from cash inflows from operating activities and the equity placing, with cash outflows as a result of the acquisition of Markets Limited, the purchase of shares in Plus500 and Ladbrokes and the full drawdown of €200m of the revolving credit facility arranged by Barclays and RBS. During H2 2015, Playtech drew down on a further €40m unsecured revolving credit facility which was then fully repaid before the year end.

Progressive, operators' jackpots and security deposits was €63.3m, an increase of €6.0m. And client funds increase by €40.6m to €43.8m, mainly due to Markets Limited client funds. Cash and cash equivalents net of cash held on behalf of client funds, progressive jackpot and security deposit is €750.8m.

In addition to total cash and cash equivalents, available-for-sale investments were €237.1m, an increase of €212.9m in the year, mostly comprising holdings in Plus500 and in Ladbrokes.

Contingent and deferred consideration liability was €145.8m, primarily relating to the earn-out on the Markets Limited acquisition.

Following the acquisition of Markets Limited (formerly TradeFX Limited) on 7 May 2015, the Group recognised the provisional fair value of certain intangible assets (including goodwill) in the interim accounts at 30 June 2015. Subsequently, additional information became available which impacted the provisional fair values recognised and, in accordance with IFRS3, the Group has taken the additional information into account in computing the final fair value of the related assets recognised in these financial statements.

The effect of amending the provisional fair values as described above was to: (i) decrease intangible assets (including goodwill) by €95m; and (ii) decrease contingent consideration by €95m. Accordingly, there was no impact on net assets.

Dividend

The Board has a stated policy of paying 40% of adjusted net profit by way of dividend with approximately one-third paid as an interim dividend and two-thirds as a final dividend.

In October 2015 the Company paid an interim dividend of 9.6 €cents per share (2014: 8.9 €cents per share).

The Board has recommended a final dividend of 18.9 €cents per share (2014: 17.5 €cents), an increase of 8% over 2014, taking the total dividend for 2015 to 28.5 €cents per share being a total payout of €91.0m. The final dividend is subject to shareholder approval at the AGM in May 2016. Given the equity placing in Q2 2015, the Board has recommended that the final dividend for 2015 will exceed the 40% payout policy, aligning the growth in dividend to that of adjusted net profit.

For those shareholders wishing to receive their dividends in Sterling the last date for currency elections is 13 May 2016.

Timetable:

Ex-dividend date:	5 May 2016
Record date for dividend:	6 May 2016
Currency election date:	13 May 2016
Payment date:	3 June 2016

Directors' responsibility statement

We confirm to the best of our knowledge:

- the Group and Company financial statements, which have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation, give a true and fair view of the assets, liabilities, financial position and profit of the Group and Company; and
- the Annual Report includes a fair review of the development and performance of the business and the financial position of the Group and Company, together with a description of the principal risks and uncertainties that they face.

The Directors of Playtech plc are listed on pages 44 and 45. A list of current Directors is maintained on Playtech's website, www.playtech.com.

By order of the Board,

Mor Weizer
Chief Executive Officer

25 February 2016

Ron Hoffman
Chief Financial Officer

25 February 2016

Minimising risk

The risks outlined below are those principal risks and uncertainties that are material to the Group. They do not include all the risks associated with Group activities and are not set out in any order of priority. How these risks are identified is described in the Corporate Governance section on pages 51 to 52. Achieving Playtech's strategic objectives while minimising the key risks the business faces will deliver sustainable and long-term growth.

Risks relating to both the Gaming division and Financials division

Risk	Magnitude	Mitigation
Regulation – licensing requirements		
The Group holds a number of licences for its activities from regulators. Loss of all or any of these licences may adversely impact on the revenues and/or reputation of the Group.	High	Playtech has a fully resourced compliance team which constantly monitors Group activities and ensures they are compliant with regulatory and licensing requirements.
Regulation – changing landscape		
Group revenues could be impacted by changes in regulations, or failure to obtain any necessary licences.	Medium	The compliance team has developed good relationships with regulators throughout the world and is proactive in its approach to changing and evolving regulations. The team also works closely with its licensees compliance teams to ensure they are equipped to deal with the changing landscape of regulation.
Regulation – local requirements		
New licensing regimes may impose conditions, such as the requirement to locate significant technical infrastructure within the relevant territory or establish and maintain real-time data interfaces with the regulator that present operational challenges, or may prohibit the ability of licensees to offer the full range of the Group's products.	Low	Playtech works closely with regulators to ensure regulators understand the impact of technical changes and specific local requirements.
Taxation		
Given the environment in which the Group operates, the business is exposed to continuously evolving rules and practices governing the taxation of e-commerce activity in various jurisdictions. Adverse changes to tax rules and changes may increase the Group's underlying effective tax rate and reduce profits available for distribution.	Low	Management remains fully appraised of developments in domestic and international tax laws within jurisdictions where the Group has a local presence, whether the presence is driven by assets and/or people. In conjunction with consultation with the Group's professional advisers, management seeks to ensure that evolving tax rules and practices are carefully considered in advance of actual enactment and implementation of changing laws and practices which, together with ensuring that appropriate discipline is strictly adhered to, minimises the risk that potentially adverse consequences will significantly impact the Group's underlying effective tax rate.

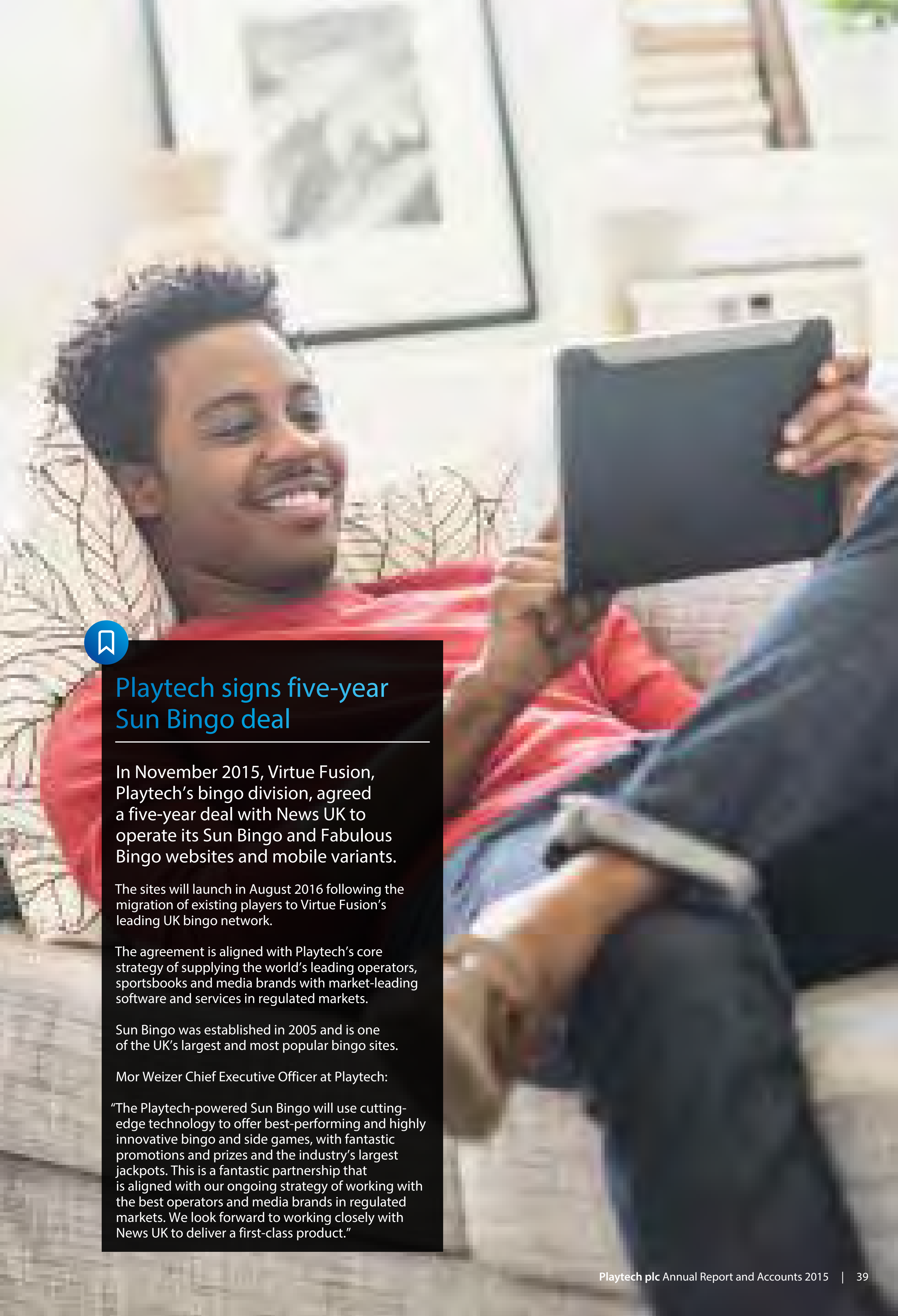
Risk	Magnitude	Mitigation
Economic environment		
Any downturn in consumer discretionary and macroeconomic factors outside of Playtech's control could result in reduced spend by consumers on gambling and financial trading and the Group's revenues would fall.	Medium	Playtech's customers and licensees are geographically diverse, which should mitigate reliance on any particular region. Management closely monitors business performance and, if a downturn were to occur, remedial action commensurate with the nature and scale of the slowdown could be taken.
Cash management – use of cash		
Playtech has significant cash balances, which may be used to acquire other businesses. Such acquisitions may not deliver the expected synergies and/or benefits and may destroy shareholder value. In addition, foreign exchange exposures could impact on the Group's financial position.	High	The Company has made a number of very successful, value creating acquisitions and has an established process in place and experienced staff to conduct thorough due diligence before completing any transaction.
Key employees		
The Group's future success depends in large part on the continued service of a broad leadership team including Executive Directors, senior managers and key personnel. The development and retention of these employees along with the attraction and integration of new talent cannot be guaranteed.	Medium	The Group provides a stimulating professional environment and has a comprehensive performance evaluation system to identify key talent and to ensure that key personnel are appropriately rewarded and incentivised through a mixture of salary, annual bonus and long-term incentives linked to the attainment of business objectives and revenue growth.
Business continuity & IT security		
The risk of impairment to our operations for example through cyber and distributed denial of service (DDoS) attacks, technology failure or terrorist attack continues to be one that the Group considers to be significant. Failure in our systems could significantly affect the services offered to our licensees.	Medium	The Group adopts industry-standard protections to detect any intrusion or other security breaches, together with preventative measures safeguarding against sabotage, hacking, viruses and cybercrime. The Group works continuously to improve the robustness and security of the Group's information technology systems. During 2015 the Group made significant investment in its Business Continuity structure. The Group has engaged a major UK partner to assist them in designing and implementing new plans throughout its key sites.

Additional risks relating to the Gaming division

Risk	Magnitude	Mitigation
Competitive landscape		
The gambling industry is extremely competitive and so is the related software and services industry that supports it. Failure to compete effectively may result in the loss of licensees and also the inability to attract new licensees.	Medium	The Group continues to invest significant resources in research and development in order to enhance its technology, products, content and services, and in making acquisitions to broaden the range of technologies, products and services that it can offer to licensees.

Additional risks relating to the Financials division

Risk	Magnitude	Mitigation
Market exposure		
The fair value of financial assets and financial liabilities could adversely fluctuate due to movements in market prices of foreign exchange rates, commodity prices, equity and index prices.	Medium	Market exposure is monitored 24 hours a day on a real-time basis, using our proprietary automated reporting systems to measure client exposure on all open positions. Where exposure levels and client behaviour, whether in total or on specific instruments, reaches certain levels, our risk management policy requires that mitigating actions, such as reducing exposure through hedging or liquidity arrangements, are considered.
Regulatory – capital adequacy		
The requirement to maintain adequate regulatory capital may affect the Group's ability to conduct its business and may reduce profitability.	Medium	Capital adequacy is monitored 24 hours a day on a real-time basis, using our proprietary automated reporting system, and considered within pre-determined limits set by the risk management committee which include an approved level of 'buffer' to ensure that levels determined by our regulators are not breached. Where the capital adequacy levels approach the pre-determined limits, necessary steps are taken to ensure that exposures are managed so as to not fall foul of regulatory requirements.
Trading volume		
Low volatility within foreign exchange rates, commodity prices, equity and index prices may reduce profitability.	Medium	Trading volumes are monitored in real-time and the number of instruments available for clients to trade continues to increase in order to ensure that potential for market volatility is captured within our offering. Where markets become volatile within specific instruments, our technology allows for specific and tailored material to be released which highlights such instances to attract trading volume.



Playtech signs five-year Sun Bingo deal

In November 2015, Virtue Fusion, Playtech's bingo division, agreed a five-year deal with News UK to operate its Sun Bingo and Fabulous Bingo websites and mobile variants.

The sites will launch in August 2016 following the migration of existing players to Virtue Fusion's leading UK bingo network.

The agreement is aligned with Playtech's core strategy of supplying the world's leading operators, sportsbooks and media brands with market-leading software and services in regulated markets.

Sun Bingo was established in 2005 and is one of the UK's largest and most popular bingo sites.

Mor Weizer Chief Executive Officer at Playtech:

"The Playtech-powered Sun Bingo will use cutting-edge technology to offer best-performing and highly innovative bingo and side games, with fantastic promotions and prizes and the industry's largest jackpots. This is a fantastic partnership that is aligned with our ongoing strategy of working with the best operators and media brands in regulated markets. We look forward to working closely with News UK to deliver a first-class product."

Enhancing trust

By embracing policies and behaviours that govern responsible conduct, the Company strives to create more valuable relationships with its stakeholders, enhancing trust by demonstrating its focus on, and management of, the material non-financial risks in the business.

Playtech believes that a responsible approach to these challenges, together with risk assessment and mitigation, will positively impact its ability to succeed operationally and strategically.

Playtech continues to improve its understanding and monitoring of material non-financial risks, despite operating in a highly-dynamic and rapidly-changing environment.

#1 Workplace

The well-being of our employees, and how we attract, develop and retain the best talent

Employees

Playtech understands that the success of its business is due to the vital contribution made by its employees. It is therefore essential to the Company's continued growth and development that it is able to attract and retain talented employees who will contribute to the long-term success of the business.

The Group is fully committed to equality of opportunity and dignity at work for all. Its primary aim in this area is to recruit the best and most appropriate employees, irrespective of race, religion, ethnic or national origins, gender, sexuality, disability, class or age, working to the highest standards across the Group.

Playtech operates in a highly competitive industry, where retaining key staff is a priority. The Company provides financial rewards and a positive working environment, developing employees' skills for improved performance and increased job satisfaction levels.

Locations and people

Playtech is headquartered in the Isle of Man and has offices in 12 other countries, including its principal software development centres in Estonia, Ukraine, the UK, Sweden and Bulgaria. Live dealer facilities are located in Latvia and the Philippines. A central finance function is located in Cyprus and marketing from Israel.

In 2015, Playtech employed an average of 4,300 people. At the end of the year, total headcount was over 5,000 people.

Valuing our people

Playtech's market-leading position is a significant asset in its efforts to attract the best talent in the industry. Candidates are drawn to Playtech by the combination of its highly motivated, entrepreneurial team culture, its breadth of knowledge and ability to harness cutting-edge technology. This has also been an important factor in Playtech's corporate acquisitions, where the potential to benefit from such a large and experienced support network has been a key discussion point and decision factor for a management team assessing the benefits of joining Playtech.

A formal onboarding process exists in Playtech's major employment centres including various employee handbooks and guides, formally structured meetings with HR, and the new employee's line manager. Additional training provides a broader overview of the Group and its culture, and any specialist technical training or regulatory training as required.

Playtech's culture focuses on the continued improvement of its workforce, driven by a strong ethos of innovation, technological development and the delivery of market-leading performance. Many of Playtech's new employees are referred by existing staff, reflecting the Company's focus on developing a close-knit, collegiate, corporate culture. Ongoing training and career development are important elements of Playtech's sustainability efforts.

Welfare activities

Playtech recognises the value in keeping employees engaged and well-motivated. Welfare programmes run through the year and are tailored to each country. Each site has a generous budget for local activities such as team building, parties, birthday gifts and a yearly site trip.

Employee performance

While the development of market-leading software and products is at the heart of Playtech's growth, licensees naturally expect 24/7 operational performance and efficient delivery. The Company's business units are integral to ensuring Playtech meets the requirements of its licensees and employees are rewarded accordingly.

Playtech's appraisal system is based around individual business unit and Group-wide objectives, which are directly aligned to Group strategy and specific areas of implementation and execution. Employees have clearly defined objectives and targets that are set in each review period, and their performance is routinely measured against these objectives. Being in a fast changing industry, the objectives area on performance evaluation system stays open throughout the year.

Employee remuneration includes competitive salaries, an annual bonus, annual salary review, non-cash and ad-hoc bonuses, which are set by reference to the achievement of the aforementioned objectives, and by the demonstration of other competencies and contributions to the Group. A refresh and new long-term, share-based incentive scheme to attract and retain the best operational and business managers was implemented in 2015.

An 'employee of the quarter' programme recognises exceptional performance with a small financial reward.

Employee engagement surveys are conducted around the business and in Estonia, the 'Fish Programme', which has been running for over 10 years has benefited both Playtech Estonia and Videobet by improving retention.

Employee conduct

Playtech continues to monitor our Code of Conduct and Anti Bribery policy. The aim of these policies is to:

- set standards of behaviour, organisational values and business ethics for Playtech; and
- provide structures for reporting.

Training initiatives are in place to ensure that both policies are communicated to and understood by employees.

#2 Governance

Maintaining high standards of corporate governance to monitor and mitigate risks associated with the business

Governance

Playtech's Board is responsible for the Group's financial and operational performance, ensuring the continued success and sustainability of the business by directing and supervising the Company's policies and strategies.

In an industry that continues to undergo significant structural changes, the Board's role has never been more important. The identification of significant risks facing the business, and processes to monitor and mitigate them, is covered in more detail on pages 36 to 38.

#3 Marketplace

Working with regulators, partners and licensees to ensure the highest reputational standards

Marketplace

Playtech's CSR marketplace metrics focus on stakeholder perceptions of the Company's relationships with licensees and its responsiveness to their requirements; and on Playtech's relationships with regulators and other industry bodies.

The Company will look to report on these in due course, and include conduct surveys to ensure that it properly understands external perceptions of the business and manages its reputation.

Customer service lies at the heart of Playtech's business, and Playtech strives to deliver a high quality service to its licensees so that they can offer the best player experience. The Company works to monitor customer satisfaction levels across the licensee base as the retention of licensees is central to the sustainability of its business model. Playtech places great value on its relationships with gambling regulators around the world and works with them to ensure all aspects of the business meet or exceed their standards.

The Group has an experienced Head of Regulatory Affairs and Compliance who focuses the Company's efforts on regulatory matters, and this is of particular significance as Playtech continues to expand its regulated markets offering.

Customer service

The service-orientated philosophy underpinning Playtech's content development activities is replicated in its product and infrastructure operations, with a team of over 150 people providing a 24/7 support service to licensees.

From the beginning of every project, Playtech supports its licensees, drawing on its extensive experience. Dedicated teams, staffed by professionals from all disciplines, provide complete project and launch management, assisting with strategy and business planning, through to recruitment and team building.

Playtech provides its customers' operational teams with an intensive two-week training programme ahead of launch. Thereafter, each licensee is assigned an experienced account manager who provides day-to-day support and a point of contact. Customers can draw on a pool of product and technology specialists to advise on any issues, and a consulting team provides value-added input to optimise the tools available on the Playtech platform.

150

People providing a 24/7 support service to licensees.

#4 Community

Our broader community-related obligations in those locations where our employees, business partners and licensees live and work

Community

The Company values the positive influence on its employees' personal and professional development that can be found through volunteer work, and sees it as important for the business over the long term. The Company's employees are actively engaged in supporting charities and Playtech has expanded its Social Involvement programme to focus on initiatives that deliver educational support and assistance to disadvantaged children in those countries where the Group has operations.

In 2015 Playtech gave approximately €350,000 to charitable organisations working in the fields of education and research into, vulnerable populations, associations for children with cancer and some other non profit organisations which help poor people with food and clothing.

€350,000

In 2015 Playtech gave approximately €350,000 to charitable organisations.

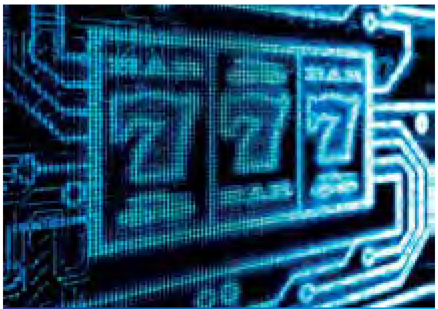
#5 Environment

Mitigating the Company's environmental impact, where relevant and appropriate, to reflect the nature and scale of its business

Environment

In comparison to other global companies, Playtech has a relatively low environmental impact, by virtue of the fact that it is primarily an online business with a limited number of local office locations. The day-to-day running of the business will inevitably have an environmental impact, particularly in terms of energy consumption and travel, and the Company has put in place processes to monitor its carbon dioxide emissions from air travel and reduce any unnecessary travel.

Where it is necessary to take new office space, consideration is made for the implementation of greater energy-efficient measures. In Estonia, the building was designed with a highly efficient cooling system for the computer room, and in all new locations there has been a move to reduce energy consumption. With a ratio of employees to printers of over 30, the offices can be seen to be increasingly paperless environments. In addition, bottled water has been largely replaced by water fountains, and where local schemes exist, waste is separated and recycled, as are printer toner cartridges. All offices have secure bicycle parking, and in the UK, the Company participates in a scheme whereby employees can purchase a bicycle in a tax efficient manner. In Israel, Estonia and Bulgaria the Company operates a recycle programme separating bottles, papers and other trash.



#6 Responsible gambling

Responsible gambling is an integral part of Playtech's institutional mindset and a significant factor in all of its activities

Philosophy

As a software provider, the Company is not typically directly in contact with players, but responsible gambling nonetheless remains a fundamental issue for the Company in safeguarding its business and reputation, and for the continued development of the industry in a sustainable manner.

Within PTTS, Playtech works with its licensees in relation to player acquisition and retention, and is consequently dedicated, with its operators, to a substantial focus on the proper management of the relevant responsible gambling protocols.

Technology to support responsible gambling

The Company's fully-integrated management system provides operators with the latest responsible gambling protocols. Embedded systems and controls ensure fair play through fraud-detection services and facilitate responsible gambling tools for players and ensure a safe playing environment for all.

Every licensee is provided with Playtech's transparency toolkit, which is embedded in the Company's software and includes viewable player protection content and the following elements:

- compulsive gambling prevention;
- age verification;
- deposit limits;
- bet limits;
- session time limits; and
- self-exclusion tools.

The Company also provides comprehensive training and ongoing support to licensees to allow them to provide the maximum protection to their customers.

Where Playtech provides external and/or internal marketing services to a licensee, it puts in place clear protocols and procedures for player engagement. Playtech's technology platform provides tools to operators that can identify and manage any player thought to be showing indications of problem gambling, and regular dialogue, reporting and joint training exercises with licensees address any concerns that arise.

This dialogue focuses on the early identification by the operator of the small percentage of players that have the potential, under certain circumstances, to develop gambling related problems and the smaller group who demonstrate an inability to control their gambling habits or actions.

The Group contributes financially to the work of the Responsible Gambling Trust (formerly the Great Foundation) and GamCare, UK charities dedicated to supporting research into problem gambling, education and training.

Playtech is also an associate member of the World Lottery Association (WLA), the global professional association for state lottery and gambling organisations. The WLA and its members are committed to maintaining the highest ethical standards of gambling.

Certification and regulation

As a responsible supplier to the regulated gambling industry, Playtech's systems comply with all the guidelines published by the variety of regulated jurisdictions in which its licensees operate. The Company partners with regulatory and governmental bodies to ensure its systems are compliant.

Playtech is an executive member of the Remote Gambling Association (RGA), which has developed an industry code of practice on social responsibility and age verification, which the Company fully supports. As part of the certification process, Playtech's games and their software engines – including the random number generators – are regularly tested and certified by leading industry bodies to ensure consistency and fair play.

Playtech also supports the Gaming Standards Association, an organisation working towards global shared technology standards.

The Group holds a certificate of evaluation from the accredited testing facility TST which is part of Gaming Laboratories International (GLI), the world's largest independent gambling testing and certification laboratory Playtech is certified and licensed by the Alderney Gambling Control Commission (AGCC), the United Kingdom Gambling Commission, the Dirección General de Ordenación del Juego (DGoJ) in Spain and the Malta Gaming Authority (MGA). Additionally in Italy, Bulgaria, France, Estonia and Finland, Playtech's software has been reviewed and passed for use by the local regulators.

Fraud, money laundering and fair play

An integral part of Playtech's technology platform is its ability to monitor and identify potential fraud and money laundering. Playtech employs a dedicated security team focused on ensuring that it is at the forefront of industry best practice in this area. With comprehensive monitoring of transactions and gambling behaviour, licensees are able to ensure that players cannot gain an advantage through unfair means. This is a particular focus in player-to-player games such as poker, to minimise any risk of player collusion.

Committed to high standards

Alan Jackson
Non-executive Chairman

Appointment to the Board:
Alan was appointed to the Board in 2006 on the Company's flotation on the Alternative Investment Market and became Chairman in October 2013.

Career:
Alan has over 40 years' experience in the leisure industry. From 1973 to 1991, he occupied a number of positions at Whitbread, both in the UK and internationally, principally as Managing Director of Beefeater Steak Houses and also the Whitbread restaurant division where he was responsible for the creation and development of the Beefeater, Travel Inn and TGI Friday brands and was responsible for Whitbread's international restaurant development. In 1991, he founded Inn Business Group plc, which was acquired by Punch Taverns plc in 1999. He has been Chairman of The Restaurant Group plc since 2001. He stepped down from his role as Deputy Chairman and Senior Non-executive Director at Redrow plc in September 2014.

Skills, competences and experience:
Having held several Board positions in both an executive and non-executive capacity in a variety of listed companies in the UK, he brings substantial experience of working in public and private companies, along with strategic and leadership experience.

Board Committees:
He is Chairman of the Nominations Committee and a member of the Remuneration and Risk & Compliance Committees.

Mor Weizer
Chief Executive Officer

Appointment to the Board:
Mor was appointed as Playtech's Chief Executive Officer in May 2007.

Career:
Prior to being appointed CEO, Mor was the Chief Executive Officer of one of the Group's subsidiaries, Techplay Marketing Ltd., which required him to oversee the Group's licensee relationship management, product management for new licensees and the Group's marketing activities. Before joining Playtech, Mor worked for Oracle for over four years, initially as a development consultant and then as a product manager, which involved creating sales and consulting channels on behalf of Oracle Israel and Oracle Europe, the Middle East and Africa. Earlier in his career, he worked in a variety of roles, including as an auditor and financial consultant for PricewaterhouseCoopers and a system analyst for Tadiran Electronic Systems Limited, an Israeli company that designs electronic warfare systems.

Skills, competences and experience:
Mor is a qualified accountant and brings considerable international sales and management experience in a hi-tech environment and extensive knowledge of the online gambling industry. Until June 2013 he was a Non-executive Director of Sportech PLC as the Company's representative, and resigned when Playtech disposed of its shareholding.

Board Committees:
He chairs the Management Committee and attends the Remuneration, Risk & Compliance and Nominations Committees at the invitation of the Chairs of those Committees.

Ron Hoffman
Chief Financial Officer

Appointment to the Board:
Ron was appointed as Playtech's Chief Financial Officer on 1 January 2013, having joined the Group in 2004.

Career:
Ron is a qualified accountant and worked at Ernst & Young where he rose to the position of Senior Manager. Ron joined Playtech shortly after its formation. He spent eight years at Playtech as Vice President of Finance, managing the finance department, including its listing on AIM in 2006, the transition to the Main Market in 2012 and supporting the growth of the business through its operations, acquisitions, financial planning and reporting.

Skills, competences and experience:
Ron brings over 10 years' experience and expertise in relation to the online gambling industry. He is responsible for the finance, tax, treasury and accounting teams at Playtech and provides strategic and operational financial experience to the Group including in relation to investment arrangements.

Board Committees:
Ron sits on the Management Committee and attends meetings of the Audit Committee and the Risk & Compliance Committees at the invitation of the Chairs of those Committees.

Andrew Thomas
Senior Non-executive Director

Appointment to the Board:
Andrew was appointed to the Board in June 2012, shortly before the Company's admission to the Main Market.

Career:
Andrew has enjoyed a career as an accountant and businessman, much of which has been within the leisure industry. Andrew is currently Chairman of Randalls Limited, a family-owned pub company in Jersey, where he lives. Andrew previously served as Chairman of The Greenalls Group plc and as a Non-executive Director of a number of private and public companies. He is the founding partner of the Cheshire-based accounting firm, Moors Andrew Thomas & Co. LLP. Andrew is a member of the Institute of Chartered Accountants in England & Wales and a member of the Institute of Taxation.

Skills, competences and experience:
Andrew combines many years' detailed experience of advising on taxation matters, with financial expertise both as a Chartered Accountant and sitting as a Non-executive Director of a number of publicly listed companies.

Board Committees:
Andrew chairs the Audit Committee, which oversees the work of the internal auditors and sits on the Remuneration, Nomination and Risk & Compliance Committees. He is also the Senior Independent Non-executive Director.

Paul Hewitt
Non-executive Director

Appointment to the Board:
Paul was appointed to the Board in August 2015.

Career:
Paul is a qualified accountant, and his recent executive responsibilities included being the Deputy Group Chief Executive and Chief Financial Officer of the Co-Operative Group from 2003 to 2007; and Finance and IT Director of the RAC plc from 1999 to 2003. Since starting to build a portfolio of non-executive roles in 2007, Paul has helped many management teams adapt their business models to respond to, and anticipate, changes in their regulatory environments, including as Non-executive Director and Chairman of the Audit Committee of Tesco Bank from 2012 to 2014.

Skills, competences and experience:
Paul brings a wealth of experience across a variety of sectors, including in the financial services industry.

Board Committees:
Paul is Chair of the Risk & Compliance Committee and sits on the Audit Committee, Remuneration Committee and Nominations Committee.

John Jackson
Non-executive Director

Appointment to the Board:
John was appointed to the Board in January 2016.

Career:
John is a qualified accountant and his previous roles include Group Chief Executive of Jamie Oliver Holdings Limited from 2007 to 2015 and Group Retail and Leisure Director of Virgin Group Limited from 1998 to 2007. He is currently Non-executive Chairman of Rick Stein Group, a senior independent director of Game Digital plc; and a Non-executive Director of Wilkinson's Hardware Stores Limited.

Skills, competences and experience:
John brings a wealth of consumer industry experience combined with a strong accountancy and finance background.

Board Committees:
John is Chair of the Remuneration Committee and sits on the Audit Committee, Risk & Compliance Committee and Nominations Committee.

Chairman's introduction to governance

"The Board continues to believe that high standards of corporate governance contributes to Playtech's performance and continued success."

Alan Jackson
Chairman

Dear Shareholder

I am pleased to present Playtech's Governance Reports to shareholders. The Board continues to believe that high standards of corporate governance contributes to Playtech's performance and continued success. This was a busy year for the Group during which time the Board has been able to provide strategic leadership and I would like to pass on my gratitude for the enthusiasm and dedication which the Directors and senior management have demonstrated. We have, however, continued to focus on ensuring that we have an appropriate governance framework in place.

The Board has confidence in the future of the Group and sees significant growth opportunities, and remains focused on looking for such opportunities in regulated and soon-to-be regulated markets. We continue to work closely with regulators in various markets to ensure our compliance with local laws and regulations.

The first half of the year saw the creation of our new Financials division through the acquisition of TradeFX Limited, which was subsequently renamed Markets Limited. The regulatory backdrop under which Markets Limited operates has become increasingly developed and against this backdrop, we are taking a risk adverse approach with an ongoing review of our business model to further enhance compliance, control and oversight, setting industry-leading standards in these areas.

During 2015, PwC were engaged to perform a review on internal audit exercises covering key areas of our business – both in terms of a review of the effectiveness of our processes and procedures, together with focused work on the identification and mitigation of risk to include IT security and disaster recovery arrangements. We recently recruited two experienced internal auditors managers to report directly to Robert Penfold, our Head of Internal Audit. The relationship with PwC has therefore moved to a co-sourced arrangement.

We continued to listen to and understand the views of our shareholders. In addition to the usual processes, we met with institutional shareholders, particularly around results announcements and at different investor conferences with a focus on the strategic vision of the Group and the quickly evolving developments in our industry in terms of innovation, regulation and tax.

The Board continues to strive to ensure that the Group's governance structure protects the sustainability of its businesses and the communities in which it operates, while maximising shareholder value and treating all shareholders fairly. The Board also sets the tone for the Company. The way in which it conducts itself, its attitude to ethical matters, its definitions of success and the assessment of appropriate risk, all define the atmosphere within which the executive team works.

The Board is cognisant of the need to strike a careful balance to ensure that shareholders and other stakeholders are appropriately protected by robust processes and procedures while providing an environment that fosters an entrepreneurial spirit that allows our senior management team and employees to continue to deliver the year-on-year growth that we have achieved in recent years. This balance enables us to clearly focus on the key risks facing the Group but to be flexible enough in our approach to accommodate changes resulting from developments in our strategy or changes in the regulatory environment.

We have set out in the following sections how we seek to manage the principal risks and uncertainties facing the business, more details on our governance framework and have sought to explain how our corporate governance practises support our strategy.

The annual general meeting ("AGM") is an important opportunity for the Board to meet with shareholders, particularly those who may not otherwise have the chance to engage with the Board and senior management. Our 2016 AGM is scheduled for 10.00 am on 18 May 2016 at The Sefton Hotel, Douglas, Isle of Man and we look forward to seeing you there.

Alan Jackson
Chairman

25 February 2016

Directors' governance report

Introduction

Responsibility for corporate governance lies with the Board, which is committed to maintaining high standards of corporate governance and is ultimately accountable to shareholders. The report which follows explains our most important governance processes and how they support the Group's business. In particular, we have applied the principles of good governance advocated by the UK Corporate Governance Code (the "Code"). The Code applied to Playtech throughout the financial year ended 31 December 2015. A copy of the code is available at www.frc.org.uk/Our-Work/Codes-Standards/Corporate-governance/UK-Corporate-Governance-Code.aspx.

Compliance statement

We continued to make improvements during the year both to our Board structure and our governance procedures and I am delighted to be able to report that it is the view of the Board that the Company has been fully compliant with the principles of the Code during 2015 save in relation to C.3.1 of the Code.

As regards C.3.1 of the Code, following the Company qualifying for inclusion in the FTSE 350 the Board concluded that the composition of the Audit Committee (comprising the three Non-executive Directors including the Chairman) was sufficiently robust for the Committee to fulfil its responsibilities without the need for the appointment of a further Non-executive Director. Nevertheless, the Board reviewed the position during the course of the year and following the appointment of John Jackson as a Non-executive Director in January 2016, the Chairman stepped down as a member of the Audit Committee. The Committee now consists of three Non-executive Directors.

It is the current policy of the Remuneration Committee to ensure that any option awards to Directors are subject to challenging performance criteria.

Hilary Stewart-Jones was appointed as a Non-executive Director on 9 October 2013 and resigned as a Director on 31 December 2015. Hilary is a leading international expert in gambling law and has over 20 years' experience advising companies on gambling-related matters and was, at the time of her appointment, a partner in the firm of DLA Piper LLP (the "Firm"). She stepped down from that role in May 2014 and has since been engaged as a consultant to the Firm. The Firm has provided, and continues to provide, regulatory and legal advice to the Company from time to time, however, given the overall size of the Firm and the relatively small scale of fees received, this relationship was not considered to impact on her independence. During her tenure, Hilary was considered to be independent by the Board. In addition, in order to reinforce her independence, it was agreed that following her appointment and up to and including her date of resignation, Hilary would not be involved in the provision of advice by the Firm to the Group, her remuneration from the Firm would not be linked, directly or indirectly, to the receipt of fees from the Group, and that any potential residual conflicts will be managed carefully.

As detailed in Note 26 to the financial statements, Hilary's husband, Jean-Pierre Houareau, was engaged during 2015 by the Group as a consultant and also owns a company which is a small supplier to the Group. Mr Houareau has worked in the online gaming industry for non-related companies, such as PKR, for 10 years and has been retained to assist in connection with some of the Group's consumer facing activities in the UK and other regulated markets. Hilary was not involved in the decision to retain Mr Houareau and did not participate in discussions relating to fee arrangements.

The Board considered that Hilary was independent for the purposes of the Code during her tenure.

The Company's auditor, BDO LLP, is required to review whether the above statement reflects the Company's compliance with the Code by the Listing Rules of the UK Listing Authority and to report if it does not reflect such compliance. No such negative report has been made.

The Board is accountable to the Company's shareholders for good governance and the statement set out below describes how the Group applies the principles identified in the Code.

Directors' governance report

continued

The Board

Composition

As at 31 December 2015, the Board comprised the Non-executive Chairman, the Chief Executive Officer, the Chief Financial Officer, a Non-executive Deputy Chairman and two independent Non-executive Directors. Save for Hilary Stewart-Jones who resigned as Non-executive Deputy Chairman on 31 December 2015, the list of Directors holding office during the year to 31 December 2015 and their responsibilities are set out on pages 44 and 45.

With the exception of Paul Hewitt who was appointed as a Non-executive Director in August 2015, the Directors served throughout the financial year.

John Jackson was appointed as a Non-executive Director on 1 January 2016.

Director's name	Title
Alan Jackson	Non-executive Chairman
Mor Weizer	Executive Director, Chief Executive Officer
Ron Hoffman	Executive Director, Chief Financial Officer
Hilary Stewart-Jones	Non-executive Deputy Chairman (resigned on 31 December 2015)
Andrew Thomas	Non-executive Senior Independent Director
Paul Hewitt	Non-executive Director (appointed on 27 August 2015)
John Jackson	Non-executive Director (appointed on 1 January 2016)

The Non-executive Directors are all considered by the Board to be independent of management and free of any relationship which could materially interfere with the exercise of their independent judgement, as explained above.

The Company Secretary acts as secretary to the Board and its Committees and his appointment and removal is a matter for the Board as a whole. The Company Secretary is a member of the Group's management team and all the Directors have access to his advice and services.

Board operation

The roles of the Chairman (Alan Jackson) and the Chief Executive Officer (Mor Weizer) are separated, clearly defined and their respective responsibilities are summarised below.

Chairman

- overall effectiveness of the running of the Board;
- ensuring the Board as a whole plays a full part in the development and determination of the Group's strategic objectives;
- keeping the other Directors informed of shareholders' attitudes towards the Company;
- safeguarding the good reputation of the Company and representing it both externally and internally;
- acting as the guardian of the Board's decision-making processes; and
- promoting the highest standards of integrity, probity and corporate governance throughout the Company and particularly at Board level.

Chief Executive Officer

- executive leadership of the Company's business on a day-to-day basis;
- developing the overall commercial objectives of the Group and proposing and developing the strategy of the Group in conjunction with the Board as a whole;
- responsibility, together with his senior management team, for the execution of the Group's strategy and implementation of Board decisions;
- recommendations on senior appointments and development of the management team; and
- ensuring that the affairs of the Group are conducted with the highest standards of integrity, probity and corporate governance.

Matters considered by the Board in 2015

Month	Material matters considered
January	• Review of operations • Senior Management recruitment • Overview of proposed acquisitions
February	• Review of the 2014 financial results and approval of the Annual Report and Accounts for 2014 • Consideration of a final dividend • Budget Approval
April	• Approval of acquisition of TradeFX Limited • Consideration of proposal to invest in Lottosport Limited • Consideration of forthcoming regulatory changes in key markets
May	• Consideration of the acquisition of Ava Trade Limited • Preparation for the AGM • Consideration of the acquisition of Plus500
June	• Approval of placing of new ordinary shares • Approval of debt financing • Integration of Trade FX Limited • Tax & Transfer Pricing review
August	• Review of interim results • Consideration of interim dividend • Appointment of Paul Hewitt as a Non-Executive Director
October	• Review of progress on acquisitions of Ava Trade Limited and Plus500 • Purchase of property in Riga • Review of Operations • Consideration of potential transactions within the gaming sector
November	• Review of Financial division • Termination of proposed acquisition of Ava Trade Limited • Termination of proposed acquisition of Plus500

Directors' governance report
continued

How the Board functions

In accordance with the Code, the Board is collectively responsible for the long-term success of the Company. The Board provides entrepreneurial leadership for the Company within a framework of prudent and effective controls that enable risk to be assessed and managed. The Board sets the Company's strategic aims, and ensures that the necessary resources are in place for the Company to meet its objectives and reviews management performance.

The Board meets regularly and frequently, with eleven meetings scheduled and held in 2015. During the year, it was also necessary for the Board to hold two unscheduled Board meetings by telephone in accordance with the articles of association, in connection with the proposed acquisitions of Ava Trade Limited and Plus500. In addition, a Committee of the Directors met to consider and approve a Placing of shares.

During the year, the Chairman met the other Non-executive Directors in the absence of the Executive Directors to re-confirm and take account of their views. All Non-executive Directors have sufficient time to fulfil their commitments to the Company.

In addition to receiving reports from the Board's Committees, reviewing the financial and operational performance of the Group and receiving regular reports on M&A, legal, regulatory and investor relations matters at the Board meetings, the other key matters considered by the Board during 2015 are set out in the table page 49.

Board meetings are generally held at the registered office of the Company on the Isle of Man, though during the year a meeting was held in Cyprus.

Directors are provided with comprehensive background information for each meeting and all Directors were available to participate fully and on an informed basis in Board decisions. In addition, certain members of the senior management team including the Chief Operating Officer, the General Counsel, the Head of Regulatory and Compliance and the Head of Investor Relations are invited to attend the whole or parts of the meetings to deliver their reports on the business. Any specific actions arising during meetings are agreed by the Board and a comprehensive follow-up procedure ensures their completion.

Details of the attendance of the Directors at meetings of the Board and its Committees are set out in the table below.

Responsibility and delegation

The Chairman is primarily responsible for the efficient functioning of the Board. He ensures that all Directors receive sufficient relevant information on financial, business and corporate issues prior to meetings. The Chief Executive Officer's responsibilities focus on co-ordinating the Group's business and implementing Group strategy. Regular interaction between the Chairman and Chief Executive Officer between meetings ensures the Board remains fully informed of developments in the business at all times.

There remains in place a formal schedule of matters specifically reserved for Board consideration and approval, which includes the matters set out below:

- approval of the Group's long-term objectives and commercial strategy;
- approval of the annual operating and capital expenditure budgets and any changes to them;
- major investments or capital projects;
- the extension of the Group's activities into any new business or geographic areas, or to cease any material operations;
- changes in the Company's capital structure or management and control structure;

Number of meetings	Board	Audit	Remuneration	Nominations	Risk
Alan Jackson	11 of 11	4 of 4	6 of 6	1 of 1	4 of 4
Mor Weizer	11 of 11	–	–	–	–
Ron Hoffman	11 of 11	–	–	–	–
Hilary Stewart-Jones	10 of 11	4 of 4	5 of 6	1 of 1	4 of 4
Andrew Thomas	11 of 11	4 of 4	6 of 6	1 of 1	4 of 4
Paul Hewitt	2 of 11	1 of 4	3 of 6	_	1 of 4

- approval of the Annual Report and Accounts, preliminary and half-yearly financial statements; interim management statements and announcements regarding dividends;
- approval of treasury policies, including foreign currency exposures and use of financial derivatives;
- ensuring the maintenance of a sound system of internal control and risk management;
- entering into agreements that are not in the ordinary course of business or material strategically or by reason of their size;
- changes to the size, composition or structure of the Board and its Committees; and
- corporate governance matters.

In addition, the Board has adopted a formal delegation of authorities memorandum which sets out levels of authority for employees in the business.

The Board has delegated certain of its responsibilities to a number of Committees of the Board to assist in the discharge of its duties. The principal Committees currently are the Audit Committee, the Remuneration Committee, the Risk & Compliance Committee and the Nominations Committee. The minutes of each of these Committees are circulated to and reviewed by their members. The Company Secretary is secretary to each of these Committees. The Terms of Reference for each of the Committees are available to view on the Company's website www.playtech.com.

Audit Committee

The Audit Committee's key objectives are the provision of effective governance over the appropriateness of the Group's financial reporting, including the adequacy of related disclosures, the performance of both the internal and external audit function, and the management of the Group's systems of internal control, business risks and related compliance activities.

The Audit Committee's report is set out on pages 55 to 57 and details the Audit Committee's membership, activities during the year, significant issues that it considered in relation to the financial statements and how those issues were addressed. The report also contains an explanation of how the Committee assessed the effectiveness of the external audit process and the approach taken in relation to the appointment or reappointment of the auditors.

Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the Board on remuneration policy for the Chairman, Executive Directors and senior management.

The Directors' Remuneration Report is set out on pages 58 to 72 and contains details the Remuneration Committee's membership, activities during the year and the policy on remuneration. The Chairman of the Remuneration Committee attends the annual general meeting to respond to any questions that shareholders might raise on the Remuneration Committee's activities.

Risk & Compliance Committee

Under the Code, the Board is responsible for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives. The Board should maintain a sound system of risk management and internal control systems (Main Principle C.2).

The Risk & Compliance Committee is chaired by Paul Hewitt. The other members of the Committee are Alan Jackson (Non-executive Chairman), Andrew Thomas (Non-executive Director) and John Jackson (Non-executive Director). Ian Ince (Head of Regulatory and Compliance), Robert Penfold (Head of Internal Audit) and Eyal Wagner (Head of Compliance –Markets Limited) attend the Committee. The Company Secretary, Brian Moore, is secretary to the Committee.

In addition, PwC LLP, in their capacity as providers of internal audit services, and members of the Group's senior management including the Chief Security Officer, the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer may be invited to attend meetings to present matters or for the Committee to have the benefit of their experience.

The primary responsibilities delegated to, and discharged by, the Committee include:

- review management's identification and mitigation of key risks to the achievement of the Company's objectives;
- monitor incidents and remedial activity;
- agree and monitor the risk assessment programme including, in particular, changes to the regulation of online gambling and the assessment of licensees' suitability;
- agree on behalf of the Board and continually review a risk management strategy and relevant policies for the Group, including the employee code of conduct, anti-bribery policy, anti-money laundering policy and wider social responsibility issues;
- satisfy itself and report to the Board that the structures, processes and responsibilities for identifying and managing risks are adequate; and
- monitor and procure ongoing compliance with the conditions of the regulatory licenses held by the Group.

Directors' governance report
continued

The Risk & Compliance Committee met formally four times during the year and in addition held a number of conference calls throughout the year, and a summary of the key matters considered by the Committee during 2015 are set out below:

- monitor the regulatory position in a number of jurisdictions including those which are of relative importance to the Group financially and those where changes may represent a risk or opportunity for the Group;
- consider the costs and regulatory requirements for the Group to seek relevant licenses in newly regulating markets;
- applications by or on behalf of the Group for licences in existing or newly regulated markets;
- monitor developments in relation to changes in the regulatory regime in the United Kingdom and receiving reports in relation to the likely impact on the Group and the need for entities within the Group to apply for licences;
- consider the overall effectiveness of the compliance strategy and the regulatory risks to the Group's operations and revenues;
- receive and consider reports on discussions with, and the results of audits by, regulators;
- monitoring compliance with regulatory licences held in all jurisdictions and adapting procedures, products and technology as appropriate;
- review reports by PwC as external advisers on risk management; consideration of the risks identified from the Group's risk register and of the effectiveness of actions taken to mitigate such risks; and
- consideration of the key risks associated with the new Financials division.

The Committee has been kept informed of any changes to the regulatory position in any significant jurisdiction where the Group, through its licensees, and Financials division, may be exposed and updated on progress in relation to agreed action items on a regular basis. The Committee can also convene meetings on a more frequent basis or as when matters arise, if it is determined that enhanced monitoring of a specific risk is warranted.

A table setting out the principal significant risks identified by the Group (including with the oversight and input of the Risk & Compliance Committee) and the mitigating actions that have been undertaken by the Group in relation to these is set out on pages 36 to 38 of this document.

Nominations Committee

The Board is required by the Code to establish a Nominations Committee which should lead the process for Board appointments and make recommendations for appointments to the Board. A majority of members of the Nominations Committee should be independent Non-executive Directors. The Nomination Committee's key objective is to ensure that the Board comprises individuals with the necessary skills, knowledge and experience to ensure that it is effective in discharging its responsibilities.

The Nominations Committee comprises Alan Jackson (Chairman), Andrew Thomas, Paul Hewitt and John Jackson.

The Nominations Committee reviews the structure, size and composition of the Board and its Committees and makes recommendations with regard to any changes considered necessary in the identification and nomination of new Directors, the reappointment of existing Directors and appointment of members to the Board's Committees. It also assesses the roles of the existing Directors in office to ensure that there continues to be a balanced Board in terms of skills, knowledge, experience and diversity. The Nominations Committee reviews the senior leadership needs of the Group to enable it to compete effectively in the marketplace. The Nominations Committee also advises the Board on succession planning for Executive Director appointments although the Board itself is responsible for succession generally.

The Nominations Committee has not set itself any formal targets for diversity, including gender, and believes that appointments should be based on merit, compared against objective criteria, with the ultimate aim of ensuring the Board has the right skills, knowledge and experience that enable it to discharge its responsibilities properly.

The Nominations Committee meets on an as-needed basis. One formal meeting was held in 2015. The meeting focused on the consideration of candidates for the appointment of additional Non-executive Directors that led, after a process involving the review of a number of potential candidates, to the appointment of Paul Hewitt in August 2015. No external search consultancy was used in the appointment of Paul Hewitt; however a list of candidates from a range of backgrounds was prepared and the Nominations Committee agreed a shortlist to be interviewed. Following a number of meetings between members and prospective candidates, the Nominations Committee went on to recommend Paul Hewitt's appointment as a Non-executive Director of the Company having considered in detail his skills, knowledge and experience particularly with regard to the financial services industry given the expansion of the Group's operations to include the Financials division. Paul Hewitt will formally stand for election at the next annual general meeting to be held on 18 May 2016.

Disclosure Committee

The Disclosure Committee ensures accuracy and timeliness of public announcements of the Company and monitors the Company's obligations under the Listing Rules and Disclosure and Transparency Rules of the UK Listing Authority. Meetings are held as required. At the date of this Report the Disclosure Committee comprises Andrew Thomas (Chairman of the Audit Committee), Ron Hoffman (Chief Financial Officer), Brian Moore (Company Secretary) and Andrew Smith (Head of Investor Relations).

Management Committee

The senior management committee is the key management committee for the Group. The standing members of the Committee are Mor Weizer (Chief Executive Officer), Ron Hoffman (Chief Financial Officer), Shimon Akad (Chief Operating Officer), Uri Levy (VP Business Development), Ian Ince (Head of Regulatory and Compliance) and Brian Moore (Company Secretary). Other members of senior management are invited to the Committee as and when required. The Committee considers and discusses plans and recommendations coming from the operational side of the business and from the various product verticals, in the light the Group's strategy and capital expenditure and investment budgets, including the implications of those plans (in areas such as resources, budget, legal and compliance). The Committee either approves the plans or as necessary refers the proposal for formal Board review and approval in accordance with the Company's formal matters reserved for the Board.

Board tenure

In accordance with the Company's articles of association, every new Director appointed in the year is required to stand for re-election by shareholders at the annual general meeting ("AGM") next following their appointment. Also, under the articles of association, at each AGM one-third of the Directors (excluding any Director who has been appointed by the Board since the previous AGM) or, if their number is not an integral multiple of three, the number nearest to one-third but not exceeding one-third shall retire from office (but so that if there are fewer than three Directors who are subject to retirement by rotation under the articles one shall retire).

Notwithstanding the provisions of the articles of association, the Board has decided to comply with the Code requirements that Directors of companies in the FTSE350 Index submit themselves for re-election annually. Therefore, all Directors are seeking their reappointment at this year's AGM.

The Board has collectively agreed that the Directors proposed for re-election at this year's AGM have made significant contributions to the business since their last re-election and each has a key role to play in the formulation of the Group's future strategy.

In certain circumstances, Directors are entitled to seek independent professional advice under an agreed Board procedure, which would then be organised by the Company Secretary, and in this regard the Company would meet their reasonable legal expenses.

Balance of the Board

The Board comprises individuals with wide business experience gained in various industry sectors related to the Group's current business and it is the intention of the Board to ensure that the balance of the Directors reflects the changing needs of the business.

The Board considers that it is of a size and has the balance of skills, knowledge, experience and independence that is appropriate for the Group's current business. While not having a specific policy regarding the constitution and balance of the Board, potential new Directors are considered on their own merits with regard to their skills, knowledge, experience and credentials.

The Non-executive Directors continue to contribute their considerable collective experience and wide-ranging skills to the Board and provide a valuable independent perspective; where necessary constructively challenging proposals, policy and practices of executive management. In addition, they help formulate the Group's strategy.

Evaluation

The Board is committed to an ongoing evaluation process of itself and its Committees to assess their performance and identify areas in which their effectiveness, policies and processes might be enhanced. Alan Jackson, in discussion with the Senior Non-executive Director, undertook a review of the performance of individual Directors. Andrew Thomas as Senior Non-executive Director considered the performance of Mr Jackson taking into account the views of the Executive Directors. There were no material areas of concern highlighted and the main outcome of the evaluation this year was to shape and define the Board's objectives for the coming year, continuing the focus on Group strategy and ensuring the structures, capabilities and reporting are in place to achieve the Board's goals.

A review of the Board's effectiveness was conducted in late 2015. The review was facilitated by Independent Audit Limited, using their Thinking Board online assessment service. Their facilitation helped ensure that the review was rigorous and covered the important influences on the Board's effectiveness. The Board is in the process of considering the findings from this review and will continue to adopt and implement plans to further develop the effectiveness of the Board during 2016.

Newly appointed Directors can expect a detailed and systematic induction on joining the Board. They meet various members of senior management and familiarise themselves with all core aspects of the Group's operations. On request, meetings can be arranged with major shareholders. Members of senior management are invited to attend Board meetings from time to time to present on specific areas of the Group's business.

Directors' governance report
continued

Relationship with shareholders

Primary responsibility for effective communication with shareholders lies with the Chairman, but all the Company's Directors are available to meet with shareholders throughout the year. Alan Jackson, Mor Weizer and Ron Hoffman met with a number of shareholders to discuss the Company's business strategy throughout the year. The Executive Directors prepare a general presentation for analysts and institutional shareholders following the interim and preliminary announcements. Details of these presentations together with the Group's financial statements and other announcements can be found on the investor relations section of the Company's website. Further presentations are also prepared following significant acquisitions and whenever the Board considers it beneficial to shareholders to do so. Regular meetings with shareholders and potential shareholders are also held by the Head of Investor Relations, and in conjunction with either the Chief Executive Officer or the Chief Financial Officer.

The Company endeavours to answer all queries raised by shareholders promptly.

The Company's largest shareholder is Brickington Trading Limited ("Brickington"). Brickington is a wholly owned subsidiary of a trust, one of the ultimate beneficiaries of which is Teddy Sagi, one of the Group's founders. In connection with the Company's premium listing on the main market of the London Stock Exchange, the Company and Brickington entered into a relationship agreement, pursuant to which Brickington has agreed that: (i) it will vote its shares in such a manner so as to procure that each member of the Group is capable of carrying on its business independently of Brickington and its associates; and (ii) it will not exercise any of the voting rights attaching to its shares in such a manner so as to procure any amendment to the articles of association which would be inconsistent with, undermine or breach any of the provisions of the relationship agreement. Brickington also agreed that all transactions and relationships between it (or any of its associates) and the Company will be on arm's length terms and on a normal commercial basis.

On 14 November 2014, the Company and Brickington entered into a variation to the relationship agreement (the "Relationship Agreement") in order to ensure compliance with amendments made to the Listing Rules during 2014. The principal change to the Relationship Agreement was to provide that Brickington would not take steps to prevent the articles of association from permitting the election or re-election of independent Directors.

The Board believes that the provisions of the Relationship Agreement provides reassurance that Brickington will not seek to exercise its shareholding capriciously and re-enforces the independence of the Company.

The Board confirms that, during 2015:

- the Company has complied with the independence provisions included in the Relationship Agreement;
- so far as the Company is aware, the independence provisions included in the Relationship Agreement have been complied with by Brickington and its associates; and
- so far as the Company is aware, the procurement obligations included in the Relationship Agreement, have been complied with by Brickington and its associates.

Separately, Mr Sagi entered into an agreement with the Company in 2012 pursuant to which he will, as and when requested to do so by the Board, provide advisory services to the Company for a nominal fee of €1 per annum until either Mr Sagi ceases to be interested (whether legally or beneficially) in any Ordinary Shares or either party terminates the agreement following its fifth anniversary, whichever is the earlier. During the year, the Company has sought advisory services on occasion in relation to certain significant strategic matters.

Shareholders are encouraged to participate in the Company's AGM, at which the Chairman will present the key highlights of the Group's performance. The Board will be available at the AGM to answer questions from shareholders.

Investor relations and communications

The Company has well-established Investor Relations ("IR") processes, which support a structured programme of communications with existing and potential investors and analysts. Executive Directors and members of the IR team participated in a number of investor events, attending industry conferences and regularly meet or are in contact with existing and potential institutional investors from around the world, ensuring that Group performance and strategy is effectively communicated, within regulatory constraints. Other representatives of the Board and senior management meet with investors from time to time. The Head of IR provides regular reports to the Board on related matters, issues of concern to investors, and analyst's views and opinions.

Whenever required, the Executive Directors and the Chairman communicate with Canaccord Genuity to confirm shareholder sentiment and to consult on governance issues.

During 2015, 52 regulatory announcements were released informing the market of acquisitions, corporate actions, important customer contracts, financial results, the results of annual general meetings and Board changes. Copies of these announcements, together with other IR information and documents, are available on the Group website www.playtech.com.

Summary

In presenting this report, and having monitored, reviewed or approved all shareholder communications in 2015 and since the end of the financial year, the Board is confident that it has presented a balanced and understandable assessment of the Company's position and prospects.

Alan Jackson
Chairman

25 February 2016

Audit Committee report

Composition

The Audit Committee comprises three independent Non-executive Directors and is chaired by Andrew Thomas, who is a qualified Chartered Accountant and member of the Institute of Taxation. Therefore Andrew has recent relevant financial experience, in compliance with the Code provision C3.1, and was appointed to chair the Committee on his appointment to the Board in June 2012. The other members of the Audit Committee are Paul Hewitt and John Jackson, both Non-executive Directors. Alan Jackson, Non-executive Chairman, resigned from the Committee in February 2016. The Committee is authorised to obtain independent advice if considered necessary.

The Chief Financial Officer attended all meetings of the Audit Committee by invitation, and the Head of Finance was invited to attend the meetings of the Committee that considered the audited accounts and the interim financial statements, as was the external auditor, BDO LLP ("BDO"). The members of the Committee were also able to meet the auditors without any Executive Directors being present in order to receive feedback from them on matters such as the quality of interaction with management. The Chairman of the Committee also met with BDO separately on several occasions to discuss matters involving the audit process.

During the year, the Chairman of the Audit Committee met, individually and in private, with members of the management team in order to understand more fully the context and challenges of Playtech's business operations and thereby ensure the Committee's time was used most effectively. He also visited various operations of the business. The activities of the Committee members during the last year have enabled it to gain a good understanding of the culture of the organisation, the risks and challenges faced and the adequacy and timeliness of the action being taken to address them.

Responsibilities

The Audit Committee's primary function is to assist the Board in fulfilling its financial oversight responsibilities. The Board is required by the Code to establish formal and transparent arrangements for considering how it should apply required financial reporting standards and internal control principles and also for maintaining appropriate relationships with the Company's external auditors, BDO. The Committee's terms of reference can be viewed on the Company's website www.playtech.com.

In particular, the Code calls for the description of the work of the Audit Committee to include the significant issues considered in relation to the financial statements and how they were addressed, how the Committee assessed the effectiveness of the external audit process, the approach of the Committee to appointing the auditors and how objectivity and independence are safeguarded relative to non-audit services.

The primary responsibilities delegated to, and discharged by, the Committee included:

- monitoring and challenging the effectiveness of internal control and associated functions;
- approving and amending Group accounting policies;
- reviewing and ensuring the integrity of interim and annual financial statements, in particular the actions and judgements of management in relation thereto before submission to the Board;
- monitoring the implementation of the Company's Code of Business Ethics ("Code of Ethics") and compliance with their provisions;
- reviewing the Company's arrangements for its employees to raise concerns, anonymously or in confidence and without fear of retaliation, about possible wrongdoing in financial reporting or other matters arising under the Code of Ethics;
- reviewing promptly all reports on the Company from the internal auditors and reviewing and assess the annual internal audit plan;
- monitoring the external auditor's independence and objectivity, including the effectiveness of the audit services;
- monitoring and approving the scope and costs of audit; and
- ensuring audit independence and pre-approving any significant non-audit services to be provided by the auditor.

Audit Committee's activities

In 2015, the Audit Committee met formally four times.

Matters that were considered by the Committee during the year included:

- valuation of available-for-sale investments held by the Group;
- management of the Group's cash balances (in particular the effectiveness of the Group's treasury management and hedging practices) and stability of the Group's banking relationships;
- adoption of an updated risk register for the Group;
- effectiveness of the Group's system of internal controls and risk management;
- entry into related party transactions and structured agreements;
- updates on people risk, and cybersecurity risks;
- results of internal audit reviews, management action plans to resolve any issues arising and the tracking of their resolution; and
- review of committee Terms of Reference.

Its work also included reviewing the final and interim financial statements and matters raised by management and BDO. After discussions with both management and the external auditor, to include the consideration of acquisition accounting relating to Markets Limited, the Committee determined that the key risks of misstatement of the Group's financial statements, related to the following areas (which are described in the relevant accounting policies and detailed in the Notes to the financial statements on pages 94 to 123).

Audit Committee report
continued

Revenue Recognition
The Audit Committee reviewed the judgements made in respect of revenue recognition, in particular to assess the recognition of revenue from turnkey and other contracts where the Group is to be remunerated other than by way of a simple revenue share arrangement, and undertook a review of key contracts. Following this review, to include consideration of the acquisition of Markets Limited, the Committee concluded that the timing of revenue recognition continues to be in line with IFRS requirements. BDO performed detailed audit procedures on revenue recognition and reported their findings to the Committee, which was satisfied as a result of the review process that the approach taken by the Group in the financial statements was appropriate.

Business combinations
The Audit Committee reviewed the judgements made in connection with the accounting treatment for business combinations during the year. In particular the acquisition of Markets Limited (formerly TradeFX), to determine whether the assets and liabilities recognised in the financial statements are carried at an appropriate fair value. The Committee reviewed the purchase price allocation (prepared by professional advisers), together with the underlying judgements and forecasts used to determine the fair value of intangible assets and contingent consideration, and satisfied itself that the approach to the accounting treatment taken by the Group was appropriate and in accordance with IFRS requirements and accounting practice.

Goodwill and intangible assets
During the year, the Audit Committee also considered the judgements made in relation to the valuation methodology adopted by management to support the carrying value of goodwill and other intangible assets to determine whether there was a risk of material misstatement in the carrying value of these assets and whether an impairment should be recognised. The Committee considered the assumptions, estimates and judgements made by management to support the models that underpin the valuation of intangible assets in the balance sheet. Business plans and cash-flow forecasts prepared by management supporting the future performance expectations used in the calculation were reviewed. The Committee received a report on the outcome of the impairment review performed by management. The impairment review was also an area of focus for the external auditor, who reported their findings to the Committee. The Committee satisfied itself that no material impairments were required to the carrying value of goodwill or other intangible assets.

Legal, regulatory and taxation
Given the developing nature of the gambling sector in many countries across the world, there is a risk that potential material legal or regulatory matters are not disclosed or provided for in the financial statements and therefore the Committee considered with the Group's compliance and legal departments whether there were any known instances of material breaches in regulatory and licence compliance that needed to be disclosed or other claims that required provisions to be made in the financial statements. In particular, the Committee considered forthcoming changes in the regulatory environment in a number of jurisdictions in which the Group's licensees operate, in particular in the United Kingdom where a new licensing regime was introduced during 2014 that required the Group to obtain regulatory licences. The Committee considered the control systems adopted to identify potential regulatory issues and the compliance control systems operating in the Group. Discussions were held with both the Head of Regulatory and Compliance and the General Counsel. Following this review, the Committee were satisfied that adequate provisions and disclosures were being made for any potential contingent liabilities.

The Audit Committee reviewed and approved the overall tax management and strategy of the Group during the year in light of external and internal advice sought by management and reviewed how the Group considers tax as part of its overall business planning. Consideration was given to transfer pricing studies carried out on behalf of the Group in the period, and assessed, in respect of earlier studies, whether there had been any change in the basis of operations in the relevant territories. Furthermore, given that the tax rules and practices governing the e-commerce environment in which the Group operates continue to evolve, based on the aforementioned external and internal advice received, the Audit Committee considered developments and pending changes in domestic and international tax laws and was satisfied that adequate tax provisions and disclosures were being made for any potential liabilities.

Related party transactions
The Audit Committee examined the practices and procedures adopted by the Group to ensure that related party transactions are conducted on arm's length terms. The Committee considered the processes followed in relation to such transactions that were entered into during 2015 and concluded that the process had worked effectively and that all related party transactions had been properly conducted on an arm's length basis and appropriately disclosed in the financial statements. BDO undertook a review of this area as part of its audit work.

Financial statements
The Group's financial statements are reviewed by the Audit Committee in advance of their consideration by the Board. The Committee confirms that it is satisfied that the auditor has fulfilled its responsibilities with diligence and professionalism.

Having undertaken the processes described above, the Committee is satisfied that the financial statements appropriately address the critical judgements and key estimates (both in respect to the amounts reported and the disclosures).

On the basis of the above, the Committee consider that the Annual Report and Accounts, taken as a whole, is fair, balanced, understandable and provide the information necessary for shareholders to assess the Group's performance, business model and strategy.

Internal control

In 2013, the Company established an out-sourced Internal Audit function responsible for reviewing, reporting and monitoring improvements in internal control performance across its operations, involving PricewaterhouseCoopers LLP ("PwC").

In January 2015, we appointed Robert Penfold, a risk professional with extensive sector experience, who acts as the Group's Head of Internal Audit. Robert reports to the Audit Committee on a regular basis and engages with PwC and other specialists where appropriate.

During the year, PwC were engaged to perform a review of a number of areas of the Group including I.T security and disaster recovery arrangements. In addition to these audit services, they provided regular business updates to the Head of Audit on matters of corporate governance. The output of these audits was considered by the Audit Committee and members of the Risk & Compliance Committee; and in light of the recommendations made by the PwC and the Head of Audit, certain actions were agreed to mitigate the risks identified and to improve existing processes. Further work is being undertaken to focus on key risk processes and is intended to provide ongoing independent assurance that these key processes remain effective.

In recognition of the increasing levels of complexity in relation to internal controls and a desired commitment to having a dedicated in-house function, we recently appointed two experienced Internal Auditors to report directly to the Head of Internal Audit. The relationship between PwC and Playtech has therefore moved to a co-sourced arrangement. However, PWC will continue to support the Internal Audit Team where necessary given their experience of the Group and the specialist services they offer.

The Board confirms that any necessary action will be taken to remedy any significant failings or weaknesses identified from any Internal Audit reviews. The system of internal controls and audit is designed to ensure local legal and regulatory compliance and manage, rather than eliminate, the risk of failure to achieve business objectives. It can therefore only provide reasonable and not absolute assurance against material misstatement or loss.

Auditor's independence

The Audit Committee, on behalf of the Board, undertakes a formal assessment of the auditor's independence each year, which includes:

- a review of non-audit related services provided by BDO and related fees;
- a discussion with the auditor of a written report detailing all relationships with the Group and any other parties which could affect independence or the perception of independence;
- a review of the auditor's own procedures for ensuring independence of the audit firm and partners and staff involved in the audit, including the periodic rotation of the audit partner;
- obtaining written confirmation from the auditors that they are independent; and
- a review of fees paid to the auditors in respect of audit and non-audit services.

During the year the auditors undertook certain specific pieces of non-audit work (including work in relation to tax matters and the evaluation of potential acquisition targets). BDO were selected to undertake these tasks due to their familiarity with the gambling industry and, as regards tax, their alignment with work carried out under the audit. In order to maintain BDO's independence and objectivity, BDO undertook its standard independence procedures in relation to those engagements. Further details of the non-audit fees are included in Note 6 to the financial statements on page 89.

The Audit Committee will continue to assess the effectiveness and independence of the external auditors. In doing so, the Audit Committee will consider a formal tender process in accordance with the provisions of the Code. The Audit Committee will continue to comply with the Competition Commission Order relating to the statutory audit market for FTSE 350 companies, which came into effect from 1 October 2014. The Audit Committee expects a formal tender process to be held no later than 2018.

Andrew Thomas
Chairman of Audit Committee

25 February 2016

Remuneration report – annual statement

Dear Shareholder

On behalf of the Board, I welcome the opportunity to present the Remuneration Committee's report on Directors' remuneration for the year to 31 December 2015. This report, as required by the Code, describes how the Board has applied the principles of the Code to Directors' remuneration.

Although Playtech is an Isle of Man incorporated entity and, as such, is not required to comply with the UK regulations on Directors' remuneration, we recognise the importance of shareholder transparency. Accordingly, we can confirm that the Company adheres to the UK regulations and the report below is divided into: (i) this Annual Statement; (ii) the Remuneration Policy Report containing a re-presentation of the Group's Remuneration Policy, as approved by shareholders at the 2014 AGM and which is not being amended at this time; and (iii) the Annual Report on Remuneration (or "ARR") that reports on the implementation of the Company's stated Remuneration Policy for the year to 31 December 2015. The ARR and this Statement will be the subject of an advisory shareholder resolution at the forthcoming AGM.

Philosophy

Our Remuneration Policy, which is set out in more detail in this report, is designed to reward the contributions of senior management but also to incentivise them to maintain and enhance Playtech's position as the software and services provider of choice to the gambling sector and to deliver in line with Playtech's M&A strategy.

Remuneration is delivered via relatively modest fixed remuneration and simple and transparent incentive-based plans enabling the Executive Directors to be rewarded for delivering strong financial performance and sustainable returns to shareholders. In fast moving sectors such as ours we need to apply the policy flexibly in order to deliver the right level of overall pay to Directors.

Performance outcome for 2015

2015 was an extremely busy year for Playtech with outstanding operational and financial performance. Progress has been driven through strong organic growth and successful acquisitions and strategic agreements.

This excellent performance resulted in achieving impressive results across our key financial performance measures including growth in revenue (38%), adjusted EBITDA (22%), adjusted net profit (8%) and adjusted diluted EPS (3%). The 2015 results significantly exceeded both internal forecasts and external market expectations against a backdrop of an ever evolving regulatory and tax landscape.

Given the strong financial and operational results, the Remuneration Committee considered that the Executive Directors had exceeded both the challenging financial targets and the other strategic objectives given to them at the start of 2015, including successful negotiations with new and existing customers, expanding the business in regulated and soon-to-be regulated markets, strengthening the Group's regulatory functions in light of increased regulation in the UK and elsewhere and the successful integration of Markets Limited (formerly TradeFX Limited). Accordingly, in recognition of this strong performance, the Committee has, consistent with our Remuneration Policy, awarded a bonus of 175% of salary to the CEO and 125% of salary to the CFO. The Committee is very comfortable that this level of bonus reflects the delivery of superior financial performance together with the strong personal performance of the Executive Directors during 2015. Further details of the bonuses are set out in the ARR.

As outlined in our annual report for 2014, the Remuneration Committee considered the position of grants to Executive Directors pursuant to the Group's Long Term Incentive Plan 2012 and made grants to them in December 2015. Further details of the grants are set out in the ARR. No LTIP awards vested by reference to performance in 2015 as the first awards under the LTIP were only granted in the year.

The Committee is satisfied that the total remuneration of the Executive Directors is reasonable in the context of performance delivered and is below the total remuneration delivered in comparable businesses in the Gaming sector.

Implementation of remuneration policy for 2016

No changes are proposed to the Remuneration Policy from that presented and approved at the annual general meeting held in May 2014. Further details of the Company's Remuneration Policy and structure are provided in this report. The Remuneration Committee believes the current policy reinforces the Company's strategy to create a business with significant scale and a full product and service capability, underpinned by a pre-eminent technology platform. We believe that the Remuneration Policy and incentive framework we have in place can support the Company's strategy in the current economic environment and help to retain and motivate our management team in order to assist in driving strong returns for our shareholders.

For this year the Committee has reviewed and expanded the recovery and withholding provisions for annual bonus and LTIP awards to ensure that they remain in line with modern standards.

The Committee will review the continued appropriateness of the Remuneration Policy during 2016 ahead of the next shareholder vote on our policy at the 2017 AGM. The Remuneration Committee encourages dialogue with the Company's shareholders and will discuss any changes to our policy with major institutional investors ahead of the 2017 AGM. The Committee and I hope we can count on your continued support at the 2016 AGM.

John Jackson
On behalf of the Remuneration Committee

25 February 2016

Remuneration policy report

The Remuneration Policy was approved by shareholders at the 2014 AGM, with the expectation it would be applied for a period of three years from that date. The Remuneration Policy is re-presented here for completeness and transparency. Some minor amendments have been made to (i) references to particular years, (ii) page and Note references, and (iii) the removal of the Total Remuneration Opportunity charts which were in relation to 2014 pay levels. The full original report can be viewed at http://playtech-ir.production.investis.com/~/media/Files/P/Playtech-IR/results-reports-webcasts/2016/2015-report-and-accounts.pdf.

The Remuneration Committee reviews the Company's remuneration philosophy and structure each year to ensure that the remuneration framework remains effective in supporting the Company's strategic objectives, is in line with best practice and fairly rewards individuals for the contribution that they make to the business, having regard to the international nature, size and complexity of the Group's operations and the need to attract and motivate employees of the highest calibre.

Remuneration packages are designed to reward the Executive Directors and members of the senior management team fairly for their contributions, whilst remaining within the range of benefits offered by similar companies in the sector.

The Committee believes that the individual contributions made by Executive Directors and senior management are fundamental to the successful performance of the Company. The Committee after discussion with the Executive Directors and its advisers, New Bridge Street, has therefore adopted a remuneration policy with the following objectives:

- seek to pay executives competitively, recognising that they have highly marketable skills to companies already in (and those considering entry to) the online gambling industry, but acknowledge local market levels, and where appropriate, practices;
- incentivise and reward behaviours that will contribute to superior Company performance;
- avoid the need to make ad-hoc payments outside the formal structure;
- enable the Company to attract and retain international executives at the required calibre, particularly in potential new markets;
- be simple and understandable;
- provide good lock-in of key employees through deferred elements; and
- avoid reward for failure.

The Remuneration Committee believes that its remuneration policy creates a coherent and appropriate framework for remunerating Executive Directors and other senior executives of the Company and draws a clearer link between performance and reward. The details of this policy are clearly set out in the following pages.

The Committee considers that the targets set for the different components of performance related remuneration are both appropriate and sufficiently demanding in the context of the business environment and the challenges with which the Group is faced as well as complying with the provisions of the Code.

Remuneration policy report
continued

Remuneration policy for Executive Directors

The following table gives an overview of the remuneration policy for the Executive Directors:

Element and maximum	Purpose and link to strategy	Operation	Maximum	Performance targets
Salary	To attract, retain and motivate high calibre individuals for the role and duties required To provide market competitive salary relative to the external market To reflect appropriate skills, development and experience over time	Normally reviewed annually by the Committee, effective in June Takes account of the external market and other relevant factors including internal relativities and individual performance	Other than when an executive changes roles or where benchmarking indicates individual salaries require realignment, annual increases will not exceed the general level of increases for the Group's employees, taking into account the country where the executive ordinarily works Where benchmarking indicates that any individual salaries require realignment, these may be spread over a period of time if the required adjustment is particularly large	N/A
Bonus	Clear and direct incentive linked to annual performance targets Incentivise annual delivery of financial measures and personal performance Corporate measures selected consistent with and complement the budget and strategic plan	Paid in cash	Normally 150% of salary for the CEO (but 200% in very exceptional circumstances as described below) and 100% of salary for other Executive Directors (but 150% in very exceptional circumstances). The additional limit will only be used in truly exceptional circumstances where performance significantly exceeds the targets already set for bonus and reflects the unique and challenging environment in which the Company operates	Based on a mixture of financial performance (including adjusted EBITDA) and performance against strategic objectives No less than 70% of the bonus will be dependent on financial performance Bonus is paid on a sliding scale of 0% for threshold increasing to 100% for maximum performance

Element and maximum	Purpose and link to strategy	Operation	Maximum	Performance targets
Long Term Incentive Plan ("LTIP")	Aligned to key strategic objective of delivering strong returns to shareholders and earnings performance	Grant of performance shares, restricted shares or options Awards may be subject to clawback in certain circumstances	150% and 100% of salary in performance shares for the CEO and CFO respectively	Performance measured over three years Performance targets aligned with the Group's strategy of delivering strong returns to shareholders and earnings performance 25% of the awards vest for threshold performance
Pension	Provide retirement benefits	Provision of cash allowance	5% of salary	N/A
Other benefits	To help attract and retain high calibre individuals	Provision of private medical, permanent health insurance, life insurance and rental and accommodation expenses on relocation Non pensionable	N/A	N/A
Share ownership guidelines	The Company has a policy of encouraging Directors to build a shareholding in the Company	Executive Directors are required to retain 50% of the net of tax out-turn from the vesting of awards under the LTIP until a shareholding with a minimum value has been achieved	N/A	N/A
Non-executive Directors	To provide a competitive fee for the performance of NED duties, sufficient to attract high calibre individuals to the role	Fees are set in conjunction with the duties undertaken	Other than when an individual changes roles or where benchmarking indicates fees require realignment, annual increases will not exceed the general level of increases for the Group's employees	N/A

Remuneration policy report
continued

Explanation of chosen performance measures and target setting

Performance measures have been selected to reflect the key performance indicators which are critical to the realisation of our business strategy and delivery of shareholder returns.

The performance targets are reviewed each year to ensure that they are sufficiently challenging. When setting these targets the Committee will take into account a number of different reference points including, for financial targets, the Company's business plan and consensus analyst forecasts of the Company's performance. Full vesting will only occur for what the Remuneration Committee considers to be stretching performance.

Policy on recruitment or promotion of Executive Directors

Base salary levels will be set to reflect the experience of the individual, appropriate market data and internal relativities. The Remuneration Committee may feel it is appropriate to appoint a new Director on a below market salary with a view to making above market and workforce annual increases over a number of years to reach the desired salary positioning subject to individual and Company performance.

Normal policy will be for the new Director to participate in the remuneration structure detailed above, including the maximum incentive levels of 350% and 250% of salary for the Chief Executive Officer and Chief Financial Officer respectively. The Committee may decide that different performance criteria will apply to awards made in the year of appointment from those stated in the policy above. The Committee may also provide relocation expenses/arrangements, legal fees and costs.

The variable pay elements that may be offered will be subject to the maximum limits stated in the policy table. The Remuneration Committee may consider it necessary and in the best interests of the Company and its shareholders to offer additional cash and/or make a grant of shares (including use of awards made under section 9.4.2 of the Listing Rules) in order to compensate the individual for remuneration that would be forfeited from the current employer. Where possible such awards would be structured to mirror the value, form and structure of the forfeited awards or to provide alignment with existing shareholders.

In the case of an internal promotion, any commitments entered into prior to the promotion shall continue to apply. Any variable pay elements shall be entitled to pay out according to its original terms on grant.

For the appointment of a new Chairman or Non-executive Director, the fee arrangement would be set in accordance with the approved remuneration policy in force at that time.

Service contracts and exit payments

Executive Directors

The service agreements of the Executive Directors are with PTVB Management Limited, a wholly owned Isle of Man incorporated subsidiary of the Company. The service agreement of the Chief Financial Officer was entered into on 5 December 2012 and effective from 1 January 2013 and the service agreement of the Chief Executive Officer was amended effective from 1 January 2013. Both service agreements are for an indefinite term and provide for formal notice of 12 months to be served to terminate the agreement, either by the Company or the Director. Future service contracts will provide for a notice period of up to 12 months. Set out in the table below are the other key terms of the Executive Directors' terms and conditions of employment:

Provision	Detail
Remuneration	Base salary and benefits Company car Private health insurance for Director and dependents Life assurance 25 days' paid annual leave in the case of the CFO and 30 days' paid annual leave in the case of the CEO Participation in annual bonus plan, subject to plan rules Participation in LTIP, subject to rules plan Contribution equal to 5% of salary to personal pension plan
Change of control	No special contractual provisions apply in the event of a change of control
Notice period	12 months' notice on either side
Termination payment	The Company may make a payment in lieu of notice equal to basic salary plus benefits for the period of notice served
Restrictive covenants	During employment and for 12 months thereafter

A bonus is not ordinarily payable unless the individual is employed and not under notice on the payment date. However, the Remuneration Committee may exercise its discretion to award a bonus payment for the notice period served (not on garden leave).

The LTIP rules provide that other than in certain "good leaver" circumstances awards lapse on cessation of employment. Where an individual is a "good leaver" the Committee's policy is for the award to vest on the normal vesting date (or cessation of employment in the event of death) following the application of performance targets and a pro-rata reduction to take account of the proportion of the vesting period that has elapsed. The Committee has discretion to partly or completely dis-apply pro-rating or to permit awards to vest on cessation of employment. The Committee acknowledges that Executive Directors leave for a variety of reasons that do not necessarily fall within the prescribed categories in the plan rules. It therefore retains discretion to deem an individual to be a "good leaver" in accordance with the plan rules and in making that decision will take into account the performance of the individual in office and their reason for leaving.

Non-executive Directors

The Non-executive Directors each have specific letters of appointment, rather than service contracts. Their remuneration is determined by the Board within limits set by the articles of association and is set taking into account market data as obtained from independent Non-executive Director fee surveys and their responsibilities. Non-executive Directors are appointed for an initial term of three years and, under normal circumstances would be expected to serve for additional three-year terms, up to a maximum of nine years, subject to satisfactory performance and re-election at the annual general meeting as required.

On his appointment as Chairman of the Board being announced, Alan Jackson entered into a new letter of appointment (effective from 9 October 2013) when Roger Withers announced his decision to retire as Chairman of the Board in August 2013.

The table below is a summary of the key terms of the letters of appointment for the Non-executive Directors.

In accordance with provision B.3.2 of the Code the letters of appointment of the Non-executive Directors are available for inspection at the Company's registered office and will be available before and after the forthcoming AGM.

Consideration of employment conditions elsewhere

The Remuneration Committee when setting the policy for Executive Directors takes into consideration the pay and employment conditions through the Company as a whole.

In determining salary increases for Executive Directors, the Committee considers the general level of salary increase across the Company. Typically salary increases will be aligned with those received elsewhere in the Company unless the Remuneration Committee considers that specific circumstances require a different level of salary increase for Executive Directors.

The Company extends its annual bonus plan and share awards to senior management and other key members of the workforce as the Remuneration Committee feels that it is important to incentivise and retain these employees in order for the Company to continue its development.

Consideration of shareholder views

The Company is committed to engagement with shareholders and will seek major shareholders' views in advance of making significant changes to its remuneration policies.

Name	Date	Term	Termination
Alan Jackson	29 August 2013	Until third AGM after appointment unless not re-elected	120 days' notice on either side or if not re-elected, disqualification or commits gross misconduct
Andrew Thomas	19 June 2012	Until third AGM after appointment unless not re-elected	120 days' notice on either side or if not re-elected, disqualification or commits gross misconduct
Paul Hewitt	27 August 2015	Until third AGM after appointment unless not re-elected	90 days' notice on either side or if not re-elected, disqualification or commits gross misconduct
John Jackson	1 January 2016	Until third AGM after appointment unless not re-elected	90 days' notice on either side or if not re-elected, disqualification or commits gross misconduct

Note: Hilary Stewart-Jones was appointed a Non-executive Director on 9 October 2013 and accepted the position of Deputy Chairman with effect from 1 December 2014. Hilary resigned as a Director on 31 December 2015.

Remuneration policy report
continued

Legacy arrangements

For the avoidance of doubt, in approving the Remuneration Policy, authority is given to the Company to honour any commitments previously entered into with current or former Directors that have been disclosed previously to shareholders.

The policy described above includes some flexibility to allow the Remuneration Committee discretion to increase the maximum bonus payment to an Executive Director; it was considered that given the unique, fast-changing and challenging environment in which the Group operates, the Committee needed some discretion if, acting fairly and reasonably it feels that the pay-out is inconsistent with the Company's overall performance taking account of any factors it considers relevant.

Discretion vested in the Remuneration Committee

The Remuneration Committee will operate the annual bonus and LTIP according to their respective rules (or relevant documents) and in accordance with the Listing Rules where relevant. The Committee retains discretion, consistent with market practice, in a number of regards to the operation and administration of these plans. These include, but are not limited to, the following in relation to the LTIP:

- the participants;
- the timing of grant of an award;
- the size of an award;
- the determination of vesting;
- discretion required when dealing with a change of control or restructuring of the Group;
- determination of the treatment of leavers based on the rules of the plan and the appropriate treatment chosen;
- adjustments required in certain circumstances (e.g. rights issues, corporate restructuring events and special dividends); and
- the annual review of performance measures and weighting, and targets for the LTIP from year to year.

In relation to the annual bonus plan, the Remuneration Committee retains discretion over:

- the participants;
- the timing of a payment;
- the determination of the amount of a bonus payment;
- determination of the treatment of leavers; and
- the annual review of performance measures and weighting, and targets for the annual bonus plan from year to year.

In relation to both the Company's LTIP and annual bonus plan, the Committee retains the ability to adjust the targets and/or set different measures if events occur (e.g. material acquisition and/or divestment of a Group business) which cause it to determine that the conditions are no longer appropriate and the amendment is required so that the conditions achieve their original purpose and are not materially less difficult to satisfy. Given the unique, fast-changing and challenging environment in which the Group operates, the Remuneration Committee considers that it needs some discretion if, acting fairly and reasonably, it feels that the pay-out is inconsistent with the Company's overall performance taking account of any factors it considers relevant. Any use of the above discretions would, where relevant, be explained in the Annual Report on Remuneration and may, as appropriate, be the subject of consultation with the Company's major shareholders.

Annual report on remuneration

The sections of this report subject to audit have been highlighted.

Directors' emoluments (in €) (Audited)

Executive Director	2015	Mor Weizer 2014	2015	Ron Hoffman 2014
Salary[1]	761,425	543,019	480,656	270,035
Bonus[2]	1,306,113	1,150,200	636,094	575,100
Long-term incentives	313,176	–	130,488	3,790
Benefits[3]	29,663	19,356	30,099	23,868
Pension	39,043	27,151	24,033	13,534
Total emoluments	2,449,420	1,739,726	1,301,370	886,327

1 Basic salary of the Executive Directors is determined in pounds sterling and then converted into euros at the average exchange rate applicable during the relevant financial year for the purpose of this report. As noted on page 67, the salary for Ron Hoffman was increased from £300,000 to £375,000 with effect from 1 June 2015 and the salary of Mor Weizer of £550,000 was effective from 1 January 2015.
2 The figure for bonuses in 2015 above represents a payment as determined by the Remuneration Committee for the Executive Directors given the excellent performance during the period and by reference to their salaries as at 31 December 2015. The bonuses were determined in pounds sterling and then converted into euros at the exchange applicable as at 31 December 2015. Details of (a) how the annual performance bonus for the Executive Directors was determined; and (b) the timing of bonus payments, is set out below.
3 Benefits include private medical insurance, permanent health insurance, car and life assurance.

Non-executive Directors' emoluments (in €) (Audited)

Director	Fees 2015	Fees 2014	Annual bonus 2015	Annual bonus 2014	Benefits 2015	Benefits 2014	Pension 2015	Pension 2014	Total emoluments 2015	Total emoluments 2014
Alan Jackson	531,251	478,314	–	–	–	–	–	–	531,251	478,314
Andrew Thomas	138,347	124,561	–	–	–	–	–	–	138,347	124,561
Hilary Stewart-Jones[1]	276,693	135,211	–	–	–	–	–	–	276,693	135,211
Paul Hewitt[2]	47,620	–	–	–	–	–	–	–	47,620	–

1 Hilary Stewart-Jones was appointed to the Board on 9 October 2013. Her annual fees were increased from £100,000 to £200,000 per annum upon her appointment as Deputy Chairman on 1 December 2014. Hilary resigned as a Director on 31 December 2015.
2 Paul Hewitt was appointed as a Non-executive Director on 27 August 2015.

Determination of 2015 bonus

In accordance with the Company's Remuneration Policy, the CEO and CFO had the opportunity to earn a normal bonus in respect of 2015 of 150% and 100% of salary respectively and a further 50% of salary each in exceptional circumstances. The 2015 performance was assessed against a mixture of financial and non-financial targets.

The financial targets (representing 70% of bonus opportunity) were based on the achievement of Adjusted EBITDA of €220 million payable on a scale of 90%–105% around this target, with 0% of bonus payable below 90% of target and 100% of bonus payable for on or over 105% of target.

Adjusted EBITDA was selected as an appropriate measure as it is the key financial performance metric of the Company, most closely representing the underlying trading performance of the business and is calculated after adding back certain non-cash charges, cash expenses relating to professional costs on acquisitions, gains on sale of investments and certain one-off charges as set out in the financial statements on page 104. The non-financial performance targets were selected to underpin key strategic objectives of the Group, in particular recognising the challenges of expanding the business into regulated and soon-to-be regulated markets and strengthening the Group's regulatory functions in light of increased regulation in the UK and elsewhere.

Annual report on remuneration
continued

When reviewing the performance during 2015 the Committee noted that the adjusted EBITDA for the financial year ended 31 December 2015 was €251.9 million (consolidated) with €236 million for the gaming division and the balance for Markets Limited, representing a 22% increase on the prior year. This was achieved at the same time as a significant improvement in other key financial indicators including growth in revenue (22%), adjusted net profit (8%) and adjusted EPS (3%). The operational highlights set out in the Strategic Report on page 2 demonstrate that a number of the key strategic objectives set for executives have already been successfully implemented, particularly as regards securing business in regulated and soon-to-be regulated markets .The Committee also took account of the exceptional work and effort undertaken as part of the successful integration of Markets Limited (formerly TradeFX Limited) and the proposed acquisitions of Ava Trade Limited and Plus500 Limited. It was noted that the Company had received overwhelming support from shareholders in respect of these proposed acquisitions and that the reasons for non-completion were outside of the Company's control.

The Committee considered that the 2015 performance was excellent as it far surpassed expectations and the targets set at the start of the financial year. The Committee felt it was fair and reasonable to recognise this exceptional Group and individual performance for the Executive Directors. The Committee therefore approved the use of the facility within the approved policy whereby up to an additional 50% of salary can be payable to Executive Directors in exceptional circumstances where performance significantly exceeds the targets set. On this basis the Committee approved additional bonuses of 25% of salary for the CEO and CFO.

Accordingly, the Committee determined that the bonus payable for 2015 was €1.3 million for the CEO (175% of salary) and a bonus of €0.6 million for the CFO (125% of salary).

The bonus payments were awarded based on the salary rate at the end of 2015, it being noted that Ron Hoffman received a salary increase during the year. This was considered appropriate in view of Mr Hoffman's previous salary having been significantly below the mid-market position, and the increased scope of responsibility including his new role as Chief Executive Officer of Markets Limited (formerly TradeFX Limited).

As noted in the annual report for 2014, the Committee, in exercising its discretion, decided that 50% of the exceptional element of Mr Hoffman's bonus for 2014 (being €102,121) fell due for payment on 31 December 2015 conditional only on Mr Hoffman not having ceased to be employed by the Group in customary "bad leaver" circumstances. Mr. Hoffman continues to be employed by the Group and payment was made in January 2016.

The Committee is satisfied that the annual bonus payments to Executive Directors are a fair reflection of corporate and individual performance during the year and that overall remuneration is not excessive given the size and complexity of the Group's business and the industry in which it operates.

LTIP Awards (Audited)

On 17 December 2015 the following awards were made to Executive Directors under the LTIP:

	Type of award	Total Number of awards	Aggregate Market Value (€)	% of award vesting for threshold performance	Performance period
Mor Weizer	Nil-cost option	103,708	1,125,379 [1]	25%	1.1.15 – 31.12.17
Ron Hoffman	Nil-cost option	43,211	468,901 [1]	25%	1.1.15 – 31.12.17

1 Awards represent 150% and 100% of salary respectively based on a share price on grant of 795.5 pence.

When considering these awards, the Committee took into account the long delay in making the awards due to the Company being in an almost constant close period during 2015. Therefore, it was decided that the vesting period would commence from 1 March 2015. In the normal course of events these awards will vest on the third anniversary of the start of the vesting period, 1 March 2018, subject to the satisfaction of the performance conditions.

Awards granted in 2015 are subject to the achievement of a mixture of performance conditions: 70% of the award is subject to a performance condition that the Company's simple annual EPS growth must match a threshold determined by the Committee for 25% of this portion of the award to vest, increasing to full vesting for achieving a maximum performance level. EPS will be measured over three financial years commencing with the financial year in which the award is granted. The remaining 30% of the award is subject to a performance condition comparing the Company's total shareholder return against a comparator group of other international gambling companies over three financial years commencing with the financial year in which the award is granted.

For median performance 25% of this portion of the award will vest increasing to full vesting for performance at the upper quartile. The comparator group includes consists of William Hill, 888 Holdings, BWIN Party, Ladbrokes, Betfair Group, Paddy Power, Betsson, Unibet, Scientific Games, Sportech, Rank Group, GVC and Amaya.

The EPS performance condition is that the Company's simple annual EPS growth must match or exceed 4% per annum in the performance period.

The EPS Tranche shall vest over a number of shares determined as follows:

Company's simple annual EPS growth	% of EPS Tranche that Vests
10% or more per annum	100%
Between 4% and 10% per annum	On a straight line basis between 25% and 100%
4% per annum	25%
Less than 4% per annum	0%

When setting the EPS performance range the Committee considered both internal financial targets and external market consensus. The target range is considered to be challenging given the current view of the business and wider macroeconomic factors, but is achievable without incentivising any undue risk behaviours.

Termination Payments (Audited)
No termination payments to Directors were made in 2015.

Payments to past Directors (Audited)
Following his retirement from the Board in October 2013, Roger Withers continued to be retained as a special adviser to the Board until 30 September 2015. During 2015, Roger received advisory fees of €103,569.

Implementation of Policy for 2016

Salary pay review
The Remuneration Committee takes into account individual performance and experience, the size and nature of the role, the relative performance of the Company, pay policy within the Company (including the general pay and employment terms of all employees in the Group) and salaries in comparable companies.

Mr Weizer's salary was set at £550,000 with effect from 1 January 2015 and was not subject to any increase during the year.

As reported in last year's annual report, Mr Hoffman's salary was set at £300,000 with effect from 1 November 2014. Taking account of Mr. Hoffman's increasing importance to the Group and his new role as Chief Executive Officer of Markets Limited (formerly TradeFX Limited), the Committee reviewed Mr Hoffman's salary during the year and effective 1 June 2015, his salary was increased to £375,000.

The Committee considers that even with the above increase, the salaries of both the Executive Directors remain below the mid-market position. In view of this, the Committee intends to re-evaluate the salaries for both Executive Directors as part of the annual review in 2016, which is expected to commence in June.

The current basic salary levels of the Executive Directors are:

- M. Weizer: £550,000 (equivalent to €761,425 at the average exchange rate between £ and € used in the accounts) which was effective 1 January 2015; and
- R. Hoffman: £375,000 (equivalent to €519,153 at the average exchange rate between £ and € used in the accounts) which was effective from 1 June 2015.

Fees currently payable to Non-executive Directors are:

- Chairman: £384,000 (equivalent to €531,251 at the average exchange rate between £ and € used in the accounts);
- Deputy Chairman: £200,000 (equivalent to €276,693 at the average exchange rate between £ and € used in the accounts); and
- Non-executive Director base fee: £100,000 (equivalent to €138,347 at the average exchange rate between £ and € used in the accounts).

The Non-executive Director fees recognise core responsibilities and additional duties as Chair of a Board Committee.

Benefits and pension
Benefit and pension provision will continue to be set in line with the approved policy.

Annual report on remuneration
continued

Annual bonus
For 2016, bonuses for the Executive Directors will be based on the following:

	Performance target	Weighting
Adjusted EBITDA	Commercially confidential	70%
Non-financial and strategic objectives	Commercially confidential	30%

When setting the adjusted EBITDA target, the Committee was mindful of a number of factors and believe that the targets set are very challenging.

The level of bonus payable by reference to the financial performance of the Company will be determined on a sliding scale based on the Company's budget for the forthcoming financial year.

The annual bonus will be subject to recovery and withholding provisions in relation to material misstatement, gross misconduct, material error in calculation and for a serious reputational event. These provisions will apply for a period of three years after payment.

Long Term Incentive Plan ("LTIP")
Awards made to Executive Directors will vest on the third anniversary of grant subject to (i) participants remaining in employment (other than in certain "good leaver" circumstances) and (ii) achievement of challenging performance targets.

Awards granted in 2016 will continue to be subject a combination of EPS growth (70% of awards) and relative TSR (30% of awards). Threshold performance will result in 25% of each element vesting.

As with the awards granted in 2015, the relative TSR measure will be measured over three financial years and requires at least median performance for 25% of this portion of the award to vest, increasing to full vesting for performance at the upper quartile. The comparator group will feature other international gaming companies.

EPS will be measured over three financial years. At the time of preparing this report EPS targets for 2016 have not been determined by the Remuneration Committee. The EPS targets will be stretching and demanding and these targets will be set out in Stock Exchange announcements when these awards are made.

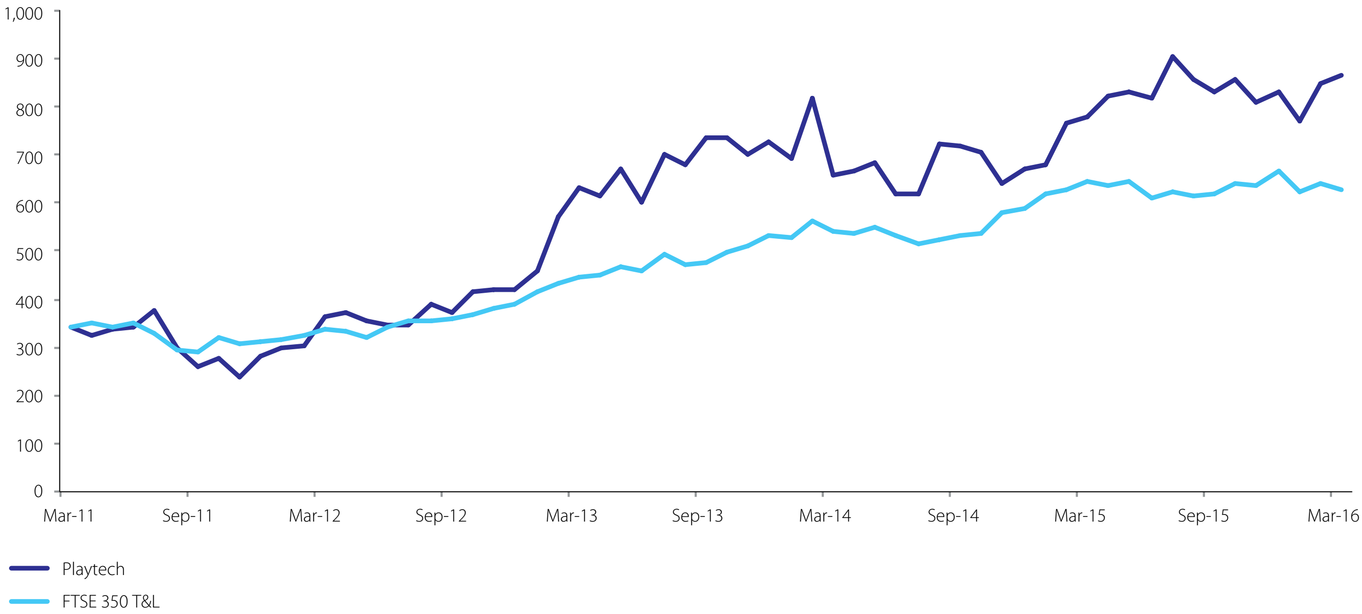
LTIP awards granted from 2016 will be subject to recovery and withholding provisions in relation to material misstatement, gross misconduct, material error in calculation and for a serious reputational event. These provisions will apply for a period of three years post vesting.

Awards may be satisfied by the issue of new shares, market purchase shares or may be cashed-out, subject to the tax treatment in the hands of the recipient.

Dilution limits
All of the Company's equity based incentive plans (other than the Option Plan which was established before the Company's admission to AIM in 2006) incorporate the current Investment Association Guidelines on headroom which provide that overall dilution under all plans should not exceed 10% over a 10-year period in relation to the Company's issued share capital (or reissue of treasury shares), with a further limitation of 5% in any 10-year period for executive plans. The Committee monitors the position and prior to the making of any award considers the effect of potential vesting of options or share awards to ensure that the Company remains within these limits. Any awards which are required to be satisfied by market purchased shares are excluded from such calculations. No treasury shares were held or utilised in the year ended 31 December 2015.

Review of performance

The following graph shows the Company's total shareholder return (TSR) performance over the past five years: the Company's TSR is compared with a broad equity market index. The index chosen here is the FTSE 350 Travel & Leisure Index, which is considered the most appropriate published index.



The Remuneration Committee believes that the current Remuneration Policy and the supporting reward structure provide a clear alignment with the strategic objectives and performance of the Company. To maintain this relationship, the Remuneration Committee constantly reviews the business priorities and the environment in which the Company operates. The table below shows the total remuneration of Mor Weizer over the last five years and his achieved annual variable and long-term incentive pay awards as a percentage of the plan maxima.

	Year ending 31 December					
	2010	2011	2012	2013	2014	2015
Total remuneration (€'000)	826	808	800	1,381	1,740	2,449
Annual bonus (%)	48%	34%	150%	150%	200%	175%
LTIP vesting (%)[2]	–	–	–	–	–	–

1 For the financial year ended 31 December 2012, Mor Weizer decided in light of his overall aggregate remuneration, to waive approximately three-quarters of his earned bonus for that year.
2 As awards previously granted were share options without performance conditions, under the Regulations they are not required to be shown in this table.

Annual report on remuneration
continued

Percentage change in remuneration of Chief Executive Officer

In the financial year ended 31 December 2015, Mr Weizer's salary was increased by (38%) effective 1 January 2015 and was awarded an exceptional bonus of 175% of salary compared with 200% of salary in the year ended 31 December 2014. On a value basis the increase was 41% which reflects the 38% increase in salary and also in part reflected movements in exchange rates. The average percentage changes for all UK-based full-time employees were 13% salary increase, 11% increase in benefits and 46% increase in bonus payments respectively. The UK workforce was chosen as a comparator group as the Remuneration Committee looks to benchmark the remuneration of the Chief Executive Officer with reference mainly to the UK market (albeit that he has a global role and responsibilities, and remuneration packages across the Group vary widely depending on local market practises and conditions).

Relative importance of spend on pay

The following table sets out the amounts paid in share buybacks, dividends, and total remuneration paid to all employees as follows:

Pay-outs (€m)	2015 €m	2014 €m	Change %
Dividends[1]	91.0	76.3	19 %
Share buy-backs	–	–	n/a
Total employee remuneration[2]	224.6	157.9	42 %

1 The total dividend in respect of the year ended 31 December 2015 is calculated on the basis that the shareholders approve the proposed final dividends of 16.2 €cents per share.
2 Total employee remuneration for continuing and discontinued operations, includes wages and salaries, social security costs, share-based payments and pension costs for all employees, including the Directors. The average number of employees, including Executive Directors and part-time employees in continuing and discontinued operations was 5,161 during the financial year to 31 December 2015.

Directors' interests in Ordinary Shares (Audited)

Director	Ordinary Shares 2015	Ordinary Shares 2014	Share options 2015	Share options 2014	Total interests at 31 December 2015
Executive Directors[1, 3, 4]					
Mor Weizer	36,000	36,000	103,708	–	139,708
Ron Hoffman	10,000	10,000	43,211		53,211
Non-executive Directors[2]					
Alan Jackson	15,000	15,000	–	–	15,000
Andrew Thomas	7,500	7,500	–	–	7,500
Hilary Stewart-Jones	–	–	–	–	–
Paul Hewitt	2,524	–	–	–	2,524
John Jackson	–	–	–	–	–

1 Mor Weizer and Ron Hoffman currently hold shares to the value of 54% and 22% of salary (based on salaries as of 31 December 2015 respectively and based on the closing share price on 31 December 2015). The Committee will continue to monitor progress towards the share ownership guidelines of 100% of salary.
2 Paul Hewitt acquired 2,524 shares on 8 December 2015 (2,223 shares at a price of 791.6 pence per share and 301 shares at a price of 793.14 pence per share).
3 Share options are granted for nil consideration.
4 These options were granted in accordance with the Rules of the Playtech Long Term Incentive Plan 2012 (the "Option Plan"). Options under the Option Plan are granted as nil cost options and in the case of Executive Directors exclusively, the options vest and become exercisable on the third anniversary of the notional grant date. Unexercised options expire 10 years after the date of grant, unless the relevant employee leaves the Group's employment, in which case the unvested options lapse and any vested options lapse three months after the date that the employment ends.

None of the Non-executive Directors have any options over shares in the Company.

Role and membership

The Remuneration Committee is currently comprised entirely of four independent Non-executive Directors as defined in the Code. John Jackson was appointed as Chair on 1 February 2016. The other members are Andrew Thomas, Alan Jackson and Paul Hewitt.

During the year under review Hilary Stewart-Jones served as Committee Chair until 27 August 2015. Paul Hewitt served as Chair from his appointment on 27 August 2015. Hilary Stewart-Jones served on the Committee until she stepped down from the Board on 31 December 2015. Details of attendance at the Remuneration Committee are set out on page 50 and their biographies and experience on pages 44 and 45.

The Committee operates within agreed terms of reference detailing its authority and responsibilities. The Committee's terms of reference were reviewed and updated during 2016 and are available for inspection on the Company's website www.playtech.com and include:

- determining and agreeing the policy for the remuneration of the CEO, CFO, the Chairman and other members of the senior management team;
- review of the broad policy framework for remuneration to ensure it remains appropriate and relevant;
- review of the design of and determine targets for any performance-related pay and the annual level of payments under such plans;
- review of the design of and approve any changes to long-term incentive or option plans; and
- ensuring that contractual terms on termination and payments made are fair to the individual and the Company and that failure is not rewarded.

The Remuneration Committee also considers the terms and conditions of employment and overall remuneration of Executive Directors, the Company Secretary and members of the senior management team and has regard to the Company's overall approach to the remuneration of all employees. Within this context the Committee determines the overall level of salaries, incentive payments and performance related pay due to Executive Directors and senior management. The Committee also determines the performance targets and the extent of their achievement for both annual and long-term incentive awards operated by the Company and affecting the senior management. No Director is involved in any decisions as to his/her own remuneration.

The Remuneration Committee takes advice from both inside and outside the Group on a range of matters, including the scale and composition of the total remuneration package payable to people with similar responsibilities, skills and experience in comparable companies that have extensive operations inside and outside the UK.

During the year the Remuneration Committee received material assistance and advice from the Company Secretary (who is also secretary to the Committee).

Annual report on remuneration
continued

The Remuneration Committee has a planned schedule of at least four meetings throughout the year, with additional meetings and calls held when necessary. During 2015, the Committee met in person 6 times and these meetings, together with a number of conference calls, addressed a wide variety of issues, including:

Month	Principal activity
February	• Approving bonus and other incentivisation arrangements in relation to Executive Directors and certain members of senior management
April	• To set financial targets for 2016 bonuses
May	• To discuss long term incentive arrangements for Executive Directors
October	• To review senior management salaries
November	• To review senior management salaries
December	• Approval of grant of nil cost options for a limited number of Group personnel

External advisers
New Bridge Street (a trading name of Aon Hewitt Limited) is the Committee's independent adviser. New Bridge Street is a member of the Remuneration Consultants Group and is a signatory to its Code of Conduct. New Bridge Street does not provide any other services to the Company. New Bridge Street was paid €68,375 in relation to advice provided during 2015.

Engagement with shareholders and shareholder voting
The Remuneration Committee is committed to ensuring open dialogue with shareholders in relation to remuneration and would normally consult with major shareholders regarding any significant future changes to remuneration policy.

The voting outcome at the AGM held on 20 May 2015 in respect of the Directors' Remuneration Report for the year ended 31 December 2014 was as follows:

	For	Against	Withheld
Approval of Remuneration Report	189,792,715 (86.27%)	30,206,230 (13.73%)	3,096,883

At 19 May 2015, the issued share capital of the Company was 293,532,617 Ordinary Shares of no par value.

By order of the Board

John Jackson
Chair of the Remuneration Committee

25 February 2016

Directors' report

The Directors are pleased to present to shareholders their report and the audited financial statements for the year ended 31 December 2015.

The Directors' Report should be read in conjunction with the other sections of this Annual Report; the Strategic Report, Corporate Responsibility Report and the Remuneration Report, all of which are incorporated into this Directors' Report by reference.

The following also form part of this report:

- the reports on corporate governance set out on pages 44 to 72;
- information relating to financial instruments, as provided in the Notes to the financial statements; and
- related party transactions as set out in Note 26 to the financial statements.

Annual Report and Accounts

The Directors are aware of the responsibilities in respect of the Annual Report. The Directors consider that the Annual Report, 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. The Statement of Directors' Responsibilities appears on page 80.

Principal activities and business review

The Group's principal activities are the development and licensing of software and the provision of ancillary services for the online and land-based gambling industries and since its acquisition of Markets Limited in May 2015 and online trading platform to retail customers which enables them to trade CFD (Contracts for Difference) on a variety of instruments which fall under the general categories of Foreign exchange Commodities. Playtech plc is a public listed company, with a premium listing on the Main Market of the London Stock Exchange. It is incorporated and domiciled in the Isle of Man.

The information that fulfils the requirement for a management report as required by Rule 4.1.5 of the Disclosure and Transparency Rules applicable to the Group can be found in the Strategic Report on pages 1 to 43, which also includes an analysis, the development, performance and position of the Group's business. A statement of the key risks and uncertainties facing the business of the Group at the end of the year is found on pages 36 to 38 of this Annual Report and details of the policies and the use of financial instruments is set out in Note 2 to the financial statements.

Directors and Directors' indemnity

The Directors of the Company who held office during the 2015 year and to date are:

	Appointed	Resigned
Alan Jackson	28.03.2006	–
Mor Weizer	02.05.2007	–
Andrew Thomas	19.06 2012	–
Ron Hoffman	31.12.2012	–
Hilary Stewart-Jones	09.10.2013	31.12.2015
Paul Hewitt	27.08.2015	–
John Jackson	01.01.2016	–

All the Directors stand for re-election at the forthcoming annual general meeting.

Save as set out in Note 28 to the financial statements, no Director had a material interest in any significant contract, other than a service contract or contract for services, with the Company or any of its operating companies at any time during the year.

As at the date of this report, an indemnity is in place under which the Company has agreed to indemnify Alan Jackson who held office during the year ended 31 December 2015, to the extent permitted by law and by the Company's articles of association, in respect of all liabilities incurred in connection with the performance of his duties as a Director of the Company or its subsidiaries. A copy of the indemnity is available for review at the Company's registered office. The Company also purchased, and maintained throughout 2015, Directors' and Officers' Liability in respect of itself and its Directors.

Directors' report
continued

Corporate governance statement

The Disclosure and Transparency Rules require certain information to be included in a corporate governance statement in the Directors' report. Information that fulfils the requirements of the corporate governance statement can be found in the Governance Report on pages 44 to 72 and is incorporated into this report by reference.

Disclaimer

The purpose of these financial statements (including this report) is to provide information to the members of the Company. The financial statements have been prepared for, and only for, the members of the Company, as a body, and no other persons. The Company, its Directors and employees, agents and advisers do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed.

The financial statements contain certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of these financial statements and the Company undertakes no obligation to update these forward-looking statements. Nothing in this document should be construed as a profit forecast.

Results and dividend

The results of the Group for the year ended 31 December 2015 are set out on pages 89 to 126. On 25 February 2016, the Board recommended the payment of a final dividend for the year ended 31 December 2015 of 18.9 €cents per share which will be paid to shareholders on the register as at 6 May 2016. The payment of the final dividend requires shareholder approval which will be sought at the Company's annual general meeting to be held at the Sefton Hotel, Douglas, Isle of Man on 18 May 2016. If approved, the final dividend will be paid on 3 June 2016 and together with the interim dividend of 9.6 €cents per share paid on 26 October 2015 makes a total dividend (expressed in €) of 28.5 €cents per share for the year.

Shareholders who wish to receive their final dividend in sterling rather than euros will be required to return currency election forms to the Company's registrars by 13 May 2016. Currency election forms are contained with the notice of annual general meeting that accompanies the Annual Report and further copies are available from the Company's website www.playtech.com.

Going concern, viability, responsibilities and disclosure

The current activities of the Group and those factors likely to affect its future development, together with a description of its financial position, are described in the Strategic Report. Principal risks and uncertainties affecting the Group, and the steps taken to mitigate these risks are described on pages 36 to 38. Critical accounting estimates affecting the carrying values of assets and liabilities of the Group are discussed in Note 3 to the financial statements.

During 2015, the Board carried out a robust assessment of the principal risks facing the Group, including those factors that would threaten its future performance, solvency or liquidity. This ongoing assessment will form part of the Group's three year strategic plan, currently under development.

After making appropriate enquiries and having regard to the Group's cash balances and normal business planning and control procedures, the Directors have a reasonable expectation that the Company and the Group has adequate resources to continue in operational existence for the foreseeable future. As part of this assessment, the Directors considered the going concern status for a period in excess of 12 months from the date of signing this report, which is considered to be an appropriate period over which the Group can predict its revenue, cost base and cash flows with a higher degree of certainty, as opposed to more arbitrary forms of forecasts based solely on percentage increases. Notwithstanding, due to the significant cash reserves and projected profitability over the next 12 months, the Directors have no reason to believe that the Group's viability will be threatened over a period longer than that covered by the positive confirmation of long term viability above. Given the above, the Directors continue to adopt the going concern basis in preparing the accounts.

Significant shareholdings

As of 31 January 2015 the Company had been advised of the following significant shareholders each holding more than 3% of the Company's issued share capital, based on 322,624,603 Ordinary Shares in issue:

Shareholder	%	No. of Ordinary Shares
Brickington Trading Limited	33.6	108,408,441
FMR LLC	7.36	23,750,863
Legal and General Investment Mgt	3.2	10,319,215
Newton Investment Mgt	3.0	9,850,665

The persons set out in the table above have notified the Company pursuant to Rule 5 of the Disclosure and Transparency Rules of their interests in the Ordinary Share capital of the Company.

The Company has not been notified of any changes to the above shareholders between 31 January 2016 and the date of this report.

Capital structure

As at 31 December 2015 and 31 January 2016, the Company had 322,624,603 issued shares of no par value. The Company has one class of Ordinary Share and each share carries the right to one vote at general meetings of the Company and to participate in any dividends declared in accordance with the articles of association. No person has any special rights of control over the Company's share capital.

The authorities under the Company's articles of association granted at the last annual general meeting for the Directors to issue new shares for cash and purchase its own shares remain valid until the forthcoming annual general meeting when it is intended that resolutions will be put forward to shareholders to renew the authority for the Company to issue shares for cash and purchase its own shares. The Company did not acquire any of its own shares during the year.

Articles of association

The Company's articles of association do not contain any specific restrictions on the size of a shareholder's holding.

Voting rights

Subject to any special rights or restrictions as to voting attached to any shares by or in accordance with the articles of association, on a show of hands every member who is present in person or by proxy and entitled to vote has one vote and on a poll every member who is present in person or by proxy and entitled to vote has one vote for every share of which he is the holder.

Restrictions on voting

No member shall, unless the Board otherwise determines, be entitled to vote at a general meeting or at any separate meeting of the holders of any class of shares, either in person or by proxy, in respect of any share held by him or to exercise any right as a member unless all calls or other sums presently payable by him in respect of that share have been paid to the Company. In addition, any member who having been served with a notice by the Company requiring such member to disclose to the Board in writing within such reasonable period as may be specified in such notice, details of any past or present beneficial interest of any third party in the shares or any other interest of any kind whatsoever which a third party may have in the shares and the identity of the third party having or having had any such interest, fails to do so may be disenfranchised by service of a notice by the Board.

Transfer

Subject to the articles of association, any member may transfer all or any of his or her certificated shares by an instrument of transfer in any usual form or in any other form which the Board may approve. The Board may, in its absolute discretion, decline to register any instrument of transfer of a certificated share which is not a fully paid share or on which the Company has a lien. The Board may also decline to register a transfer of a certificated share unless the instrument of transfer is: (i) delivered for registration to the registered agent, or at such other place as the Board may decide, for registration; and (ii) accompanied by the certificate for the shares to be transferred except in the case of a transfer where a certificate has not been required to be issued) by the certificate for the shares to which it relates and/or such other evidence as the Board may reasonably require to prove the title of the transferor and the due execution by him of the transferor, if the transfer is executed by some other person on his behalf, the authority of that person to do so, provided that where any such shares are admitted to AIM, the Official List maintained by the UK Listing Authority or another recognised investment exchange.

Directors' report
continued

Amendment of the Company's articles of association
Any amendments to the Company's articles of association may be made in accordance with the provisions of the Isle of Man Companies Act 2006 by way of special resolution.

Appointment and removal of Directors
Unless and until otherwise determined by the Company by ordinary resolution, the number of Directors (other than any alternate Directors) shall not be less than two and there shall be no maximum number of Directors.

Powers of Directors
Subject to the provisions of the Isle of Man Companies Act 2006, the memorandum and articles of association of the Company and to any directions given by special resolution, the business of the Company shall be managed by the Board, which may exercise all the powers of the Company.

Appointment of Directors
Subject to the articles of association, the Company may by ordinary resolution appoint a person who is willing to act to be a Director, either to fill a vacancy, or as an addition to the existing Board, and may also determine the rotation in which any Directors are to retire. Without prejudice to the power of the Company to appoint any person to be a Director pursuant to the articles of association, the Board shall have power at any time to appoint any person who is willing to act as a Director, either to fill a vacancy or as an addition to the existing Board, but the total number of Directors shall not exceed any maximum number fixed in accordance with the articles of association. Any Director so appointed shall hold office only until the next annual general meeting of the Company following such appointment and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors who are to retire by rotation at that meeting.

Retirement of Directors
At each annual general meeting one-third of the Directors (excluding any Director who has been appointed by the Board since the previous annual general meeting) or, if their number is not an integral multiple of three, the number nearest to one-third but not exceeding one-third shall retire from office (but so that if there are fewer than three Directors who are subject to retirement by rotation under this Article one shall retire).

Removal of Directors
The Company may by ordinary resolution passed at a meeting called for such purpose or by written resolution consented to by members holding at least 75% of the voting rights in relation thereto, remove any Director before the expiration of his period of office notwithstanding anything in the articles of association or in any agreement between the Company and such Director and, without prejudice to any claim for damages which he may have for breach of any contract of service between him and the Company, may (subject to the articles) by ordinary resolution, appoint another person who is willing to act as a Director in his place. A Director may also be removed from office by the service on him of a notice to that effect signed by all the other Directors.

Significant agreements

There are no agreements or arrangements to which the Company is a party that are affected by a change in control of the Company following a takeover bid, and which are considered individually significant in terms of their impact on the business of the Group as a whole.

The rules of certain of the Company's incentive plans include provisions which apply in the event of a takeover or reconstruction.

Related party transactions

Details of all related party transactions are set out in Note 28 to the financial statements. Internal controls are in place to ensure that any related party transactions involving Directors or their connected persons are carried out on an arm's length basis and are disclosed in the financial statements.

Political and charitable donations

During the year ended 31 December 2015, the Group made charitable donations of €208,888, primarily to charities that fund research into and treatment of problem gambling but also to a variety of charities operating in countries in which the Company's subsidiaries are based.

The Group made no political donations during this period (2014: nil).

Sustainability and employees

Information with respect to the Group's impact on the environment and other matters concerning sustainability can be found on pages 40 to 43. Applications for employment by disabled persons are always fully and fairly considered, bearing in mind the aptitude and ability of the applicant concerned. The Group places considerable value on the involvement of its employees and has continued to keep them informed of matters affecting them as employees and on the performance of the Group and has run information days for employees in different locations across the Group during the year. Some employees are stakeholders in the Company through participation in share option plans. Information provided by the Company pursuant to the Disclosure and Transparency Rules is publicly available via the regulatory information services and the Company's website, www.playtech.com.

Branches

The Company's subsidiaries Playtech Retail Limited and PT Turnkey Services Limited have established branch offices in the Philippines.

Regulatory disclosures

The information in the following tables is provided in compliance with the Listing Rules and the Disclosure and Transparency Rules ("DTRs").

The DTRs also require certain information to be included in a corporate governance statement in the Directors' Report. Information that fulfils the requirements of the corporate governance statement can be found in the Governance Report on pages 46 to 54 and is incorporated into this Directors' Report by reference.

Disclosure table pursuant to Listing Rule 9.8.4C

Listing Rule	Information included	Disclosure
9.8.4(1)	Interest capitalised by the Group	None
9.8.4(2)	Unaudited financial information	None
9.8.4(4)	Long-term incentive scheme only involving a Director	None
9.8.4(5)	Directors' waivers of emoluments	None
9.8.4(6)	Directors' waiver of future emoluments	None
9.8.4(7)	Non pro-rata allotments for cash	None
9.8.4(8)	Non pro-rata allotments for cash by major subsidiaries	None
9.8.4(9)	Listed company is a subsidiary of another	Not applicable
9.8.4(10)	Contracts of significance involving a Director	None
9.8.4(11)	Contracts of significance involving a controlling shareholder	Note 28 to of the financial statements sets out details of transactions with the controlling shareholder as a related party
9.8.4(12)	Waivers of dividends	None
9.8.4(12)	Waivers of future dividends	None
9.8.4(14)	Agreement with a controlling shareholder	See disclosure against LR 9.8.4 (11)

Directors' report
continued

Additional information provided pursuant to LR9.8.6

Listing Rule	Information included	Disclosure
9.8.6(1)	Interests of Directors (and their connected persons) in the shares of the Company at the year end and not more than one month prior to the date of the notice of AGM	See page 71
9.8.6(2)	Interests in Playtech shares disclosed under DTR5 at the year end and at not more than one month prior to the date of the notice of AGM	See page 75
9.8.6(3)	The going concern statement	See page 74
9.8.6(4)(a)	Amount of the authority to purchase own shares available at the year end	29,353,261 Ordinary Shares which authority will expire at the AGM and not be renewed
9.8.6(4)(b)	Off market purchases of own shares during the year	None
9.8.6(4)(c)	Off market purchases of own shares after the year-end	None
9.8.6(4)(d)	Non pro-rata sales of treasury shares during the year	None
9.8.6(5)	Compliance with the main principles of the UK Corporate Governance Code	See the statement on page 47
9.8.6(6)	Details of non-compliance with the UK Corporate Governance Code	See the statement on page 47
9.8.6(7)	Re Directors proposed for re-election: the unexpired term of their service contract and a statement about Directors without a service contract	The Chairman and the Non-executive Directors serve under letters of appointment described on page 63

Additional information under Rule 4.1 of the Disclosure and Transparency Rules

DTR	Requirement	How fulfilled
4.1.3	Publication of Annual Financial Report within four months of the end of the financial year	This document is dated 25 February 2016 being a date less than four months after the year end
4.1.5	Content of Annual Financial Report	The audited financial statements are set out on page 82 to page 126 The information that fulfils the requirement for a management report can be found in the Strategic Report on pages 1 to 43 The Statement of Directors' Responsibilities can be found on page 80
4.1.6	Audited financial statements	The audited financial statements set out on page 82 to page 126 comprise consolidated accounts prepared in accordance with IFRS and the accounts of the Company
4.1.7	Auditing of financial statements	The financial statements have been audited by BDO LLP
4.1.8 & 4.1.9	Content of management report	The Strategic Report on pages 1 to 43, includes an analysis, using financial key performance indicators, of the development, performance and position of the Company's business, a review of the Company's business and on pages 36 to 38 a description of the principal risk and uncertainties
4.1.11(1)	Important events since the year end	There have been no material events since the year end which require reporting
4.1.11(2)	Future development	The Strategic Report on pages 1 to 43, gives an indication of the likely future development of the Company
4.1.11(3)	Research & development	The Strategic Report on pages 1 to 43, gives an indication of ongoing research and development activities
4.1.11(4)	Purchase of own shares	See disclosure pursuant to LR9.8.6(4) above
4.1.11(5)	Branch offices	See the statement on page 77
4.1.11(6)	Use of financial instruments	See note 2 to the audited financial statements on pages 94 to 100
4.1.12 & 13	Responsibility statement	See the statement of the Directors on page 80

Directors' report
continued

Statement of Directors' Responsibilities

The Directors have elected to prepare the Annual Report and the financial statements for the Company and the Group in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

The Directors are responsible under applicable law and regulation for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group, for safeguarding the assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

International Accounting Standard 1 (revised) requires that financial statements present fairly for each financial year the Group'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 International Financial Reporting Standards. A fair presentation also requires the Directors to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users 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 adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In addition, the Directors at the date of this report consider that the financial statements taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's performance, business model and strategy.

Website publication

Financial statements are published on the Company's website. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' responsibilities pursuant to DTR4

Each of the Directors, whose names and functions are listed within the Governance section on pages 44 and 45 confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- The Annual Report includes a fair review of the development and performance of the business and the financial position of the Group and the Company, together with a description or the principal risks and uncertainties that they face.

Annual general meeting

The annual general meeting in 2015 was held in May in Douglas, Isle of Man. With the exception of Ron Hoffman, who was travelling on urgent company business, all Directors were present and made themselves available to answer questions from shareholders. The annual general meeting provides an opportunity for the Directors to communicate personally performance and future strategy to non-institutional shareholders and for those shareholders to meet with and question the Board. All Directors plan to be present at the 2016 annual general meeting. All results of proxy votes are read out, made available for review at the meeting, recorded in the minutes of the meeting and communicated to the market and via the Group website.

The annual general meeting for 2016 will be held at the Sefton Hotel, Douglas, Isle of Man, IM1 2RW on Wednesday 18 May 2016 at 10.00 am. The notice convening the annual general meeting for this year, and an explanation of the items of non-routine business, are set out in the circular that accompanies the Annual Report.

Auditors

So far as each Director is aware, at the date of the approval of the financial statements there is no relevant audit information of which the Company's auditors are unaware. Each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any information needed by the Group's auditors for the purposes of their audit and to establish that the auditors are aware of that information.

A resolution to reappoint BDO LLP as the Company's auditors will be submitted to the shareholders at this year's AGM.

Approved by the Board and signed on behalf of the Board

Ron Hoffman
Chief Financial Officer

25 February 2016

Independent auditors' report

To the members of Playtech plc

Opinion on financial statements of Playtech Plc

In our opinion:

- The financial statements give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31 December 2015 and of the Group's profit for the year then ended;
- The Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union; and
- The Parent 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 Isle of Man Companies Act 2006.

We have audited the financial statements of Playtech plc for the year ended 31 December 2015 which comprise the:

- Consolidated Statement of Comprehensive Income;
- Consolidated and Parent Company Statement of Financial Position;
- Consolidated and Parent Company Statements of Changes in Equity;
- Consolidated and Parent Company Statements of Cashflows, and
- Related notes.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Our assessment of risks of material misstatement

In preparing the financial statements, the directors made a number of subjective judgements and significant accounting estimates that involved making assumptions and considering future events that are, by their nature, inherently uncertain (see note 3 to the consolidated financial statements). We primarily focussed our work in these areas by assessing the directors' judgements against available evidence, including the risk of management override and bias, forming our own judgements and evaluating the disclosures in the financial statements.

The risks of material misstatement that had the greatest effect on our Group audit in the current year are noted below. This is not a complete list of all risks or areas of audit focus identified by our audit. We discussed these areas of focus with the Audit Committee. Their report on those matters that they considered to be significant issues in relation to the financial statements is set out on pages 55 to 57:

Title	Risk	Response
Revenue recognition	The Group has a number of revenue streams. The details of the accounting policies applied during the period are given in Note 2 to the financial statements. Management make certain judgements around revenue recognition and the treatment of contractual arrangements for revenue streams entered into. During the year, the Group completed the acquisition of the Financial Trading Division and as such have given consideration to the nature of revenue generated by this Group and the relevant accounting treatment. There is a potential risk that revenue is recorded incorrectly from a timing perspective and inappropriately recognised on a gross versus net basis.	We assessed the design and implementation of the controls over the Group's revenue cycle. We assessed whether the revenue recognition policies adopted by the group comply with IFRS as adopted by the European Union and Industry standard. We considered the audit risks associated with new revenue streams in the period including those of the Financial Trading Division and designed our testing strategy to mitigate the assessed risks. We tested revenue through a combination of analytical and substantive procedures. Our work included the use of IT audit data analytic techniques to underpin our substantive testing of the revenue recognised by both the Gaming and Financial Trading Divisions. We reviewed a sample of key contracts entered into during the year to assess whether the revenue had been recognised in accordance with the Group's accounting policy and whether any other terms within the contract had any material accounting or disclosure implications.
Impairment of Goodwill, capitalised development costs and other intangibles	In accordance with IAS 36, the Group monitors the carrying value of goodwill and other intangibles for indications of impairment. The Group performs annual impairment reviews for goodwill, other intangibles where there are indicators of impairment and for capitalised development costs relating to projects not launched as at the year end. Impairment reviews require significant judgement from management and are inherently based on assumptions in respect of future profitability. If the carrying value of these assets exceed their recoverable amount there is a risk of material misstatement in the carrying value of these assets.	We considered whether there were any indications of impairment in respect of intangible assets. In conjunction with our internal valuation specialists, we challenged the appropriateness of the key assumptions used in the discounted cash flow models prepared by management and applied sensitivities to assess the potential impairment of goodwill and those assets where indications of impairment were present. Our work was based on our assessment of the historical accuracy of the Group's estimates in previous periods, our understanding of the commercial prospects of the assets, identification and analysis of changes in assumptions from prior periods and an assessment of the consistency of assumptions across the impairment reviews. IAS 36 also requires management to test intangible assets not yet available for use (such as projects in development) for impairment. We selected a sample of projects not yet launched at the balance sheet date and confirmed that there remains a future intent to launch. Further to this we reviewed the results of management's impairment review of these assets on a portfolio basis. We considered the appropriateness of the related disclosure provided in the Group financial statements.

Independent auditors' report
continued

Title	Risk	Response
Compliance risk – Legal, regulatory and taxation	Given the continual changes in the regulatory environment of the gambling and financial trading sectors in many countries across the world, there is a risk that potential material legal or regulatory matters are not disclosed or provided for. The Group have compliance obligations that range from administration of their licences to assessing the impact of changes in Country-specific and pan-regional rules and regulations on its businesses. The e-commerce business and operational structure of the Playtech Group requires management judgement with regard to the assessment and interpretation of domestic and international tax laws. The taxation of e-commerce is still an evolving matter for tax authorities. The Group makes certain provisions and disclosures required under IFRS for outstanding legal and regulatory disputes based on Management's best estimate of where there is a probable outflow of economic benefits. Where the Group do not consider the likelihood of a provision being probable, the Group will disclose the existence of a contingent liability (unless that likelihood of occurrence is considered to be remote when no disclosure is required).	We considered how the Group monitors legal and regulatory developments and their assessment of the potential impact on the business, and also considered the internal and external advice taken in respect of these developments. We discussed with Management how they manage, control and operate Group companies in the countries in which they are registered. This included how the Group considers tax as part of the overall business planning and how they monitor the rules and practices governing the taxation of e-commerce activity that is evolving in many countries. We discussed with the Group's Compliance and Legal teams whether there were any known instances of material breaches in regulatory and licence compliance that required disclosure or required provisions to be made in the financial statements. We discussed the assertions of the Group's Compliance and Legal teams with the Group's principal external legal advisors, with no matters to report. We discussed with senior management how they manage, control and operate Group companies in the countries in which they are incorporated or registered. This included how the Group considers tax as part of the overall business planning and how they monitor the rules and practices governing the taxation of e-commerce activity that is evolving in many countries. As part of the audit team we have tax specialists who assessed the risks in the jurisdictions in which Playtech has a significant presence. As part of this process we liaised with the local audit teams and tax specialists in those jurisdictions to assess the provisioning for current and deferred taxes. We considered the latest externally prepared advice received by management with regard to any exposure to taxation in existing or proposed territories in which the Group operates or intends to operate, and confirmed that there is currently no correspondence from tax authorities which would indicate a material risk in respect of tax.

Title	Risk	Response
Related party transactions	There is a risk that disclosures in respect of related party transactions are incomplete or that the assertion that the related party transactions are on an arm's length basis is unsupported.	We assessed the design and implementation of the Group's policies and procedures in respect of the capturing of related party transactions. We obtained a list of related parties from Management. We gave consideration to the completeness of the list based on our knowledge of related parties and those confirmed by the substantial shareholder and the directors of the Company. We ensured all transactions and balances with those entities identified as related parties were disclosed in accordance with IAS 24, including consideration of whether material transactions with the substantial shareholder or companies under their control were correctly disclosed as being on an arm's length basis.
Business combinations – TradeFX	On 7 May 2015, the Group acquired TradeFX (now renamed Markets Limited) and created its Financial Trading Division. Management are required to make significant judgements in assessing the fair values of contingent consideration and of the assets and liabilities acquired. Management have engaged external valuations experts to prepare the purchase price allocation exercise. Following the acquisition of Markets Limited management completed their provisional assessment of the fair value of the consideration and the assets acquired as part of the interim accounts to 30 June 2015. As permitted by IFRS 3, management have given consideration to information that has become available since the acquisition that provides better information about the circumstances that existed at the date of acquisition. As such the accounting for the acquisition has been finalised taking this information into account.	We challenged the assumptions underpinning the significant judgements used by management including the assessment of contingent consideration and the fact that the additional information that has become available since the acquisition provides better information about the circumstances that existed at the date of acquisition. We used our valuation specialists to review and evaluate the fair value of assets and liabilities recognised and consider the judgemental areas and those subject to significant estimation.

Independent auditors' report
continued

Changes in the assessment of risks from the prior year

As part of the 2015 year end audit we have reassessed the significance of certain risks which were disclosed in the period year audit report:

Capitalised development costs

We had previously assessed the capitalisation of development costs as a significant risk reported within our audit report. Having reflected on the level of capitalised development costs in the overall context of the business and the lack of any concerns arising from our testing in previous years we no longer consider this to be a significant risk.

Business combinations

Business combinations had not been considered a risk to report in our 2014 audit report. Given the significance of the acquisition of the Trade FX business in the period this was considered to be a significant risk to be reported in our audit report for the current year.

Our consideration of materiality

We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

We apply materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements. We use a lower materiality level, performance materiality, to determine the extent of testing required in order to reduce the probability to an appropriately low level that the aggregate of uncorrected and undetected misstatements exceed materiality.

Level of materiality applied and rationale

We consider Adjusted EBITDA to be the critical performance measure for the Group. Using this benchmark we set materiality at €12.1m (2014: €10.4m) being 5% (2014: 5%) of Adjusted EBITDA. In setting this level of materiality we considered the quantum of materiality was appropriate in comparison to other benchmarks: 1.9% of revenue; 0.6% of total assets. Our materiality level is higher than the previous year reflecting the continued growth in earnings of the Group.

Performance materiality was set at 75% of materiality. In setting the level of performance materiality we considered a number of factors including the expected total value of known and likely misstatements (based on past experience and other factors) and Management's attitude toward proposed adjustments.

Component materiality

We set materiality for each component of the Group based on a percentage of materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from €3.15m to €6.3m.

Agreement with the Audit Committee

We agreed with the Audit Committee that we would report to the Committee all audit differences individually in excess of €500k. We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

Misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of the identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Overview of the scope of our audit

In determining the scope of our audit we considered the level of work to be performed at each component in order to ensure that sufficient assurance was gained to allow us to express an opinion on the financial statements of the Group as a whole.

We tailored the extent of the work to be performed at each component, either by us, as the Group audit team, component auditors within the BDO network or non-BDO member firms, based on our assessment of the risk of material misstatement at each component.

We have obtained an understanding of the entity-level controls of the Group as a whole which assisted us in identifying and assessing risks of material misstatement due to fraud or error, as well as assisting us in determining the most appropriate audit strategy.

Classification of components

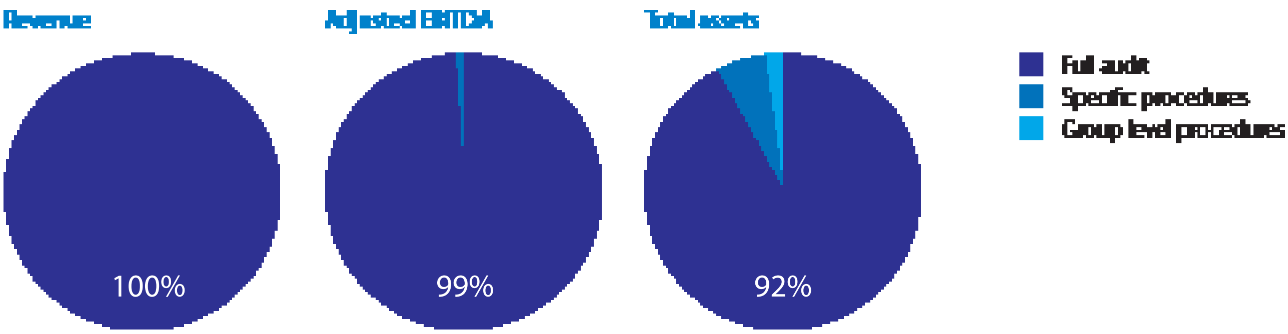
The 5 components that are considered significant components (defined as those that were greater than 15% of Adjusted EBITDA, or where the risks of the component were significantly different to the group risks) were audited by the Group audit team.

The Group audit team centrally performed the audit of 100% of group revenue and the audit of intangible assets including development costs using the materiality levels set out above.

For the 24 components not considered significant, the component auditors were asked to perform review procedures or specific scope procedures on certain balances based on their relative size, risks in the business and our knowledge of those entities appropriate to respond to the risk of material misstatement.

Review and specific scope procedures were performed by the Group audit team or BDO network firms on 21 reporting components and by non-BDO member firms on a further 3 reporting components.

Summary audit scope



Based on the above scope we were able to conclude that sufficient and appropriate audit evidence had been obtained as a basis to form our opinion on the group financial statements as a whole.

Matters on which we are required to report by exception

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report 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 company 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 is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed.

Under the Listing Rules we are required to review the part of the corporate governance statement on page 47 relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

We have nothing to report in respect of these matters.

Independent auditors' report

continued

Statement regarding the directors' assessment of the principal risks that would threaten the solvency or liquidity of the company

We have nothing material to add or to draw attention to in relation to:

- the directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity,
- the disclosures in the annual report that describe those risks and explain how they are being managed or mitigated,
- the directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements, and
- the directors' explanation in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' Responsibilities on page 80, the Directors are responsible for preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements and in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements performed in accordance with ISAs (UK and Ireland)

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 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 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.

The purpose of this report and restrictions on its use by persons other than the members of the Company, as a body

Our report is made solely to the Company's members, as a body, in accordance with section 80C of the Isle of Man Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters that 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.

Matthew White
For and on behalf of BDO LLP

Chartered Accountants
London
United Kingdom
25 February 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated statement of comprehensive income

For the year ended 31 December 2015

	Notes	2015 Actual €'000	2015 Adjusted €'000	2014 Actual €'000	2014 Adjusted €'000
Revenue	4	630,086	630,086	456,980	456,980
Distribution costs before depreciation and amortisation		(331,705)	(327,791)	(211,756)	(211,442)
Administrative expenses before depreciation and amortisation		(64,370)	(50,407)	(47,321)	(38,391)
EBITDA		234,011	251,888	197,903	207,147
Depreciation and amortisation		(85,398)	(43,647)	(69,790)	(30,733)
Finance income	7	14,631	14,631	19,157	19,157
Finance cost – movement in deferred and contingent consideration		(1,088)	–	(439)	–
Finance cost – other		(14,578)	(5,190)	(2,403)	(697)
Total financing cost	7	(15,666)	(5,190)	(2,842)	(697)
Share of profit/(loss) from joint ventures	13a	229	229	(92)	(92)
Share of loss from associates	13b	(5,856)	(5,856)	(695)	(695)
Profit before taxation		141,951	212,055	143,641	194,087
Tax expenses	8	(5,646)	(5,646)	(2,923)	(2,923)
Profit for the year		136,305	206,409	140,718	191,164
Other comprehensive income for the year:					
Items that have been classified to profit or loss:					
Change in fair value of available for sale equity instruments	14	1,160	1,160	(774)	(774)
Exchange gains arising on translation of foreign operations		3,491	3,491	–	–
Total items that will be classified to profit or loss		4,651	4,651	(774)	(774)
Total comprehensive income for the year		140,956	211,060	139,944	190,390
Profit for the year attributable to:					
Owners of the parent		135,810	205,914	140,327	190,773
Non-controlling interest		495	495	391	391
		136,305	206,409	140,718	191,164
Total comprehensive income attributable to:					
Owners of the parent		140,236	210,340	139,553	189,999
Non-controlling interest		720	720	391	391
		140,956	211,060	139,944	190,390
Earnings per share for profit attributable to the owners of the parent during the year:					
Basic (cents)	9	44.5	67.5	48.4	65.9
Diluted (cents)	9	44.5	67.4	48.2	65.6

* Adjusted numbers relate to certain non-cash and one-off items including amortisation of intangibles on acquisitions, professional costs on acquisitions and abandoned acquisitions and irrecoverable deposit, finance costs on acquisitions, change in fair value of available-for-sale investments in the income statement, non-cash accrued bond interest, provision against irrecoverable cash and additional various non-cash charges. The Directors believe that the adjusted profit represents more closely the consistent trading performance of the business. A full reconciliation between the actual and adjusted results is provided in Note 5.

Consolidated statement of changes in equity

For the year ended 31 December 2015

	Additional paid in capital €'000	Available-for-sale reserve €'000	Retained earnings €'000	Employee benefit trust €'000	Convertible bond option reserve €'000	Foreign exchange reserve €'000	Total attributable to equity holders of parent €'000	Non-controlling interest €'000	Total equity €'000
Balance at 1 Jan 2015	324,774	804	537,692	(36,154)	45,392	–	872,508	675	873,183
Changes in equity for the year									
Total comprehensive income for the year	–	1,160	135,810	–	–	3,266	140,236	720	140,956
Dividend paid	–	–	(81,805)	–	–	–	(81,805)	–	(81,805)
Issue of share capital (net of issue cost)	313,032	–	–	–	–	–	313,032	–	313,032
Exercise of options	403	–	(4,381)	8,659	–	–	4,681	140	4,821
Employee stock option scheme	–	–	4,735	–	–	–	4,735	169	4,904
Acquisition of minority interest	–	–	–	–	–	–	–	131	131
Minority interest acquired on business combination	–	–	–	–	–	–	–	5,473	5,473
Balance at 31 December 2015	638,209	1,964	592,051	(27,495)	45,392	3,266	1,253,387	7,308	1,260,695
Balance at 1 Jan 2014	323,187	1,578	596,256	–	–	–	921,021	–	921,021
Changes in equity for the year									
Total comprehensive income for the year	–	(774)	140,327	–	–	–	139,553	391	139,944
Dividend paid	–	–	(192,258)	–	–	–	(192,258)	–	(192,258)
Purchase of employee Benefit Trust	–	–	–	(48,545)	–	–	(48,545)	–	(48,545)
Exercise of options	1,587	–	(6,292)	12,391	–	–	7,686	–	7,686
Issue of convertible bonds	–	–	–	–	45,392	–	45,392	–	45,392
Purchase of share options	–	–	(706)	–	–	–	(706)	–	(706)
Employee stock option scheme	–	–	365	–	–	–	365	–	365
Acquisition of minority interest	–	–	–	–	–	–	–	284	284
Balance at 31 December 2014	324,774	804	537,692	(36,154)	45,392	–	872,508	675	873,183

Consolidated balance sheet
As at 31 December 2015

	Notes	2015 €'000	2014 €'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	51,337	38,319
Intangible assets	12	750,872	381,145
Investments in equity accounted associates & joint ventures	13	51,778	33,826
Available for sale investments	14	237,100	24,219
Other non-current assets	15	20,830	16,644
		1,111,917	494,153
CURRENT ASSETS			
Trade receivables	16	74,632	45,056
Other receivables	17	27,806	22,396
Cash and cash equivalents	18	857,898	692,347
		960,336	759,799
TOTAL ASSETS		2,072,253	1,253,952
EQUITY			
Additional paid in capital	19	638,209	324,774
Available-for-sale reserve		1,964	804
Employee Benefit Trust	19	(27,495)	(36,154)
Convertible bonds option reserve	21	45,392	45,392
Foreign exchange reserve		3,266	–
Retained earnings		592,051	537,692
Equity attributable to equity holders of the parent		1,253,387	872,508
Non-controlling interest		7,308	675
TOTAL EQUITY		1,260,695	873,183
NON CURRENT LIABILITIES			
Loans and borrowings	20	200,000	–
Convertible bonds	21	256,429	247,040
Deferred revenues		3,235	6,398
Deferred tax liability	24	14,049	4,904
Progressive operators' jackpots, security deposits		–	15,000
Contingent consideration	22	141,347	1,088
Other non-current liabilities		1,175	1,284
		616,235	275,714
CURRENT LIABILITIES			
Trade payables	23	17,411	16,426
Progressive operators' jackpots, security deposits		63,340	42,367
Client funds		43,761	3,195
Tax liabilities		5,910	990
Deferred revenues		4,355	3,442
Contingent consideration	22	4,491	1,823
Other payables	25	56,055	36,812
		195,323	105,055
TOTAL EQUITY AND LIABILITIES		2,072,253	1,253,952

The financial information was approved by the Board and authorised for issue on 25 February 2016.

Mor Weizer
Chief Executive Officer

Ron Hoffman
Chief Financial Officer

Consolidated statement of cash flows

	Notes	2015 €'000	2014 €'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit after tax		136,305	140,718
Adjustments to reconcile net income to net cash provided by operating activities (see below)		71,061	85,842
Income taxes paid		(5,487)	(5,798)
Net cash provided by operating activities		201,879	220,762
CASH FLOWS FROM INVESTING ACTIVITIES			
Other non-current assets		(6,386)	(2,547)
Acquisition of property, plant and equipment	11	(27,327)	(25,164)
Return on investment in joint ventures	13a	2,362	3,393
Investment in joint ventures	13a	–	(7,373)
Acquisition of intangible assets	12	(4,331)	(6,251)
Acquisition of subsidiaries, net of cash acquired		(178,927)	(43,353)
Capitalised development costs	12	(31,357)	(21,806)
Investment in equity-accounted associates	13b,13c	(25,503)	(26,450)
Investment in available-for-sale investments	14	(209,797)	–
Proceeds from sale of property, plant and equipment		398	374
Acquisition of minority interest		(598)	–
Net cash used in investing activities		(481,466)	(129,177)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to the holders of the parent		(81,805)	(192,258)
Issue of convertible bonds, net of issue costs	21	–	291,145
Issue of share capital, net of issue costs		313,032	–
Purchase of shares for Employee Benefit Trust	19b	–	(48,545)
Cancellation of options		–	(706)
Interest paid on convertible bonds		(1,485)	–
Proceeds from bank borrowings	20	200,000	–
Exercise of options		4,818	7,686
Net cash from financing activities		434,560	57,322
INCREASE IN CASH AND CASH EQUIVALENTS		154,973	148,907
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		692,347	527,394
Exchange gains on cash and cash equivalents		10,578	16,046
CASH AND CASH EQUIVALENTS AT END OF YEAR		857,898	692,347

Consolidated statement of cash flows
continued

	Notes	2015 €'000	2014 €'000
ADJUSTMENT TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Income and expenses not affecting operating cash flows:			
Depreciation		14,578	9,665
Amortisation		69,610	60,125
Impairment		1,210	–
Share of (profit)/loss from joint ventures		(229)	92
Share of loss from associates		5,856	695
Decline in fair value of available-for-sale investment		–	8,668
Non-cash accrued bond interest		9,388	1,287
Income tax expense		5,646	2,923
Employee stock option plan expenses		4,904	364
Movement in deferred and contingent consideration		1,088	438
Exchange gains on cash and cash equivalents		(10,578)	(16,046)
Other		230	170
Changes in operating assets and liabilities:			
Increase/(decrease) in trade receivables		(29,010)	74
Increase/(decrease) in other receivables		(3,169)	5,166
Increase in trade payables		(6,842)	(4,835)
Increase in progressive, operators jackpot, security deposits		5,973	9,306
Increase/(decrease) in client funds		(6,496)	2,712
Increase in other payables		11,153	7,003
Decrease in deferred revenues		(2,251)	(1,965)
		71,061	85,842

	Notes	2015 €'000	2014 €'000
ACQUISITION OF SUBSIDIARY, NET OF CASH ACQUIRED			
Acquisitions in the year			
A. Acquisition of Yoyo Games Limited	26a	14,208	–
B. Acquisition of Markets Limited	26b	159,042	–
C. Other acquisitions	26c	3,552	–
Acquisitions in previous years			
A. Acquisition of Aristocrat Lotteries		–	11,556
B. Other acquisitions		2,125	3,069
C. Acquisition of Intelligent Gaming Systems Limited		–	728
D. Acquisition of PT Turnkey Services Limited		–	28,000
		178,927	43,353

Notes to the financial statements

Note 1 – General

Playtech plc and its subsidiaries (the "Group") develop unified software platforms for the online and land-based gambling industry, targeting online and land-based operators and since May 2015 also offered an online trading platform to retail customer which enabled them to trade CFD (Contracts for Differences) on a variety of instruments which fall under the general categories of Foreign exchange, Commodities, Equities and indices. In the context of this activity, the Group acts as a market-maker in a, predominantly, B2C environment. Playtech's gaming applications – online casino, poker and other P2P games, bingo, mobile, live gaming, land-based terminal and fixed-odds game are fully inter-compatible and can be freely incorporated as stand-alone applications, accessed and funded by the operators' players through the same user account and managed by the operator by means of a single, powerful management interface.

Basis of preparation

The Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing its financial statements.

Note 2 – Significant accounting policies

The significant accounting policies followed in the preparation of the financial information, on a consistent basis, are:

Accounting principles

This financial information has been prepared in accordance with International Financial Reporting Standards, International Accounting standards and interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRSs"). In the current year the Group has adopted all of the new and revised standards and interpretations issued by the IASB and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, as they have been adopted by the European Union, that are relevant to its operations and effective for accounting periods beginning on 1 January 2015.

New standards, interpretations and amendments effective from 1 January 2015

There are no new standards, interpretations or amendments which are effective for periods beginning on or before 1 January 2015 which have a material effect on the Group's financial information.

The Directors are still considering the potential impact of IFRS 15: Revenue from contracts with customers, and IFRS 16: Leases, but do not expect that these or any other new standards, interpretations and amendments which are effective for periods beginning after 1 January 2015 to have a material effect on the Group's future financial information.

Basis of consolidation

Where the company has control over an investee it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee; exposure to variable returns from the investee; and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial information presents the results of the Group as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

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

Note 2 – Significant accounting policies continued

Foreign currency

The financial information of the gaming division, which includes the Company and some of its subsidiaries is prepared in euros (the functional currency), which is the currency that best reflects the economic substance of the underlying events and circumstances relevant to the gaming division. Transactions and balances in foreign currencies are converted into euros in accordance with the principles set forth by International Accounting Standard (IAS) 21 ("The Effects of Changes in Foreign Exchange Rates"). Accordingly, transactions and balances have been converted into the presentation currency of euros as follows:

- Monetary assets and liabilities – at the rate of exchange applicable at the balance sheet date;
- Income and expense items – at exchange rates applicable as of the date of recognition of those items. Non-monetary items are converted at the rate of exchange used to convert the related balance sheet items i.e. at the time of the transaction. Exchange gains and losses from the aforementioned conversion are recognised in the consolidated statement of comprehensive income.

The financial information of the financial division is prepared in US Dollars (the functional currency), which is the currency that best reflects the economic substance of the underlying events and circumstances relevant to the financial division. The transactions and balances are converted into the presentation currency of euros as follows:

- Assets and liabilities – at the rate of exchange applicable at the balance sheet date;
- Income and expense items – at average exchange rates applicable at the period of recognition of those items;
- Equity- at historic rate.

Exchange gains and losses from the aforementioned conversion are recognised in the foreign exchange reserve.

Revenue recognition

The Group's principal revenue streams and their respective accounting treatments are discussed below:

Royalty income

Royalty income relating to licensed technology and the provision of certain services provided via various distribution channels (online, mobile or land-based interfaces). Royalty income is based on the underlying gaming revenue earned by our licensees and is recognised in the accounting periods in which the gaming transactions occur.

Trading income

Trading income represents gains (including commission) and losses arising on client trading activity, primarily in contracts for difference on shares, indexes, commodities and foreign exchange. Open client positions are carried at fair market value and gains and losses arising on this valuation are recognised in revenue as well as gains and losses realised on positions that have closed.

Fixed-fee income

Other revenue includes revenue derived from the provision of certain services and licensed technology for which charges are based on a fixed-fee and varies according to the usage of the service/technology in each accounting period. Income is recognised over the period of service once the obligations under the contracts have passed. Where amounts are billed and obligations not met, revenue is deferred.

Fixed-term arrangements

Other income receivable under fixed-term arrangements is recognised as revenue over the term of the agreement on a straight line basis.

Distribution costs

Distribution costs represent the direct costs of the function of providing services to customers, costs of the development function and advertising costs.

Share-based payments

Certain employees participate in the Group's share option plans which commenced with effect from 1 December 2005. The fair value of the equity settled options granted is charged to the consolidated statement of comprehensive income on a straight line basis over the vesting period and the credit is taken to equity, based on the Group's estimate of shares that will eventually vest. Fair value is determined by the Black-Scholes and Binomial valuation model. The share options plan does not have any performance conditions other than continued service. Where equity settled share options are settled in cash at the group's discretion the debit is taken to equity.

The Group has also granted awards to be distributed from the Group's Employee Benefit Trust. The fair value of these awards is based on the market price at the date of the grant, some of the grants have performance conditions.

Notes to the financial statements
continued

Note 2 – Significant accounting policies continued

Income taxes and deferred taxation
Provision for income taxes is calculated in accordance with the tax legislations and applicable tax rates in force at the balance sheet date in the countries in which the Group companies are incorporated.

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

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

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

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group company; or
- different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Dividend distribution
Final dividends are recorded in the Group's financial information in the period in which they are approved by the Group's shareholders. Interim dividends are recognised when paid.

Property, plant and equipment
Property, plant and equipment comprise computers and gaming machines, buildings and leasehold and buildings improvements, office furniture and equipment, and motor vehicles and are stated at cost less accumulated depreciation. Carrying amounts are reviewed on each balance sheet date for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Depreciation is calculated to write off the cost of fixed assets on a straight line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose, which are consistent with those of the previous years, are:

	%
Computers and gaming machines	33
Office furniture and equipment	7-33
Buildings and Leasehold and buildings improvements	10-20, or over the length of the lease
Motor vehicles	15

Subsequent expenditures are included in the asset carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the consolidated statement of comprehensive income.

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

Investments in subsidiary undertakings
Investments in subsidiary undertakings are recognised at cost less, if any, provision for impairment.

Note 2 – Significant accounting policies continued

Intangible assets
Intangible assets comprise externally acquired patents, domains and customer lists. Intangible assets also include internally generated capitalised software development costs. All such intangible assets are stated at cost less accumulated amortisation. Where intangible assets are acquired as part of a business combination they are recorded initially at their fair value. Carrying amounts are reviewed on each balance sheet date for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount.

Amortisation is calculated at annual rates estimated to write off the costs of the assets over their expected useful lives and is charged to operating expenses from the point the asset is brought into use. The principal annual rates used for this purpose, which are consistent with those of the previous years, are:

	%
Domain names	Nil
Internally generated capitalised development costs	20-33
Technology IP	13-33
Customer lists	In line with projected cash flows or 7-20
Affiliate contracts	5-12.5
Patents and license	Over the expected useful lives 10-33

Management believes that the useful life of the domain names is indefinite. Domain names are reviewed for impairment annually.

Expenditure incurred on development activities including the Group's software development is capitalised only where the expenditure will lead to new or substantially improved products, the products are technically and commercially feasible and the Group has sufficient resources to complete development.

Subsequent expenditure on capitalised intangible assets is capitalised only where it clearly increases the economic benefits to be derived from the asset to which it relates. All other expenditure, including that incurred in order to maintain an intangible assets current level of performance, is expensed as incurred.

Goodwill
Goodwill represents the excess of the cost of a business combination over, in the case of business combinations completed prior to 1 January 2010, the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired and, in the case of business combinations completed on or after 1 January 2010, the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

For business combinations completed prior to 1 January 2010, cost comprised the fair value of assets given, and liabilities assumed, plus any direct costs of acquisition. Changes in the estimated value of contingent consideration arising on business combinations completed by this date were treated as an adjustment to cost and, in consequence, resulted in a change in the carrying value of goodwill.

For business combinations completed on or after 1 January 2010, cost comprises the fair value of assets given and liabilities assumed, plus the amount of any non-controlling interests in the acquired business. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. For combinations completed on or after 1 January 2010, direct costs of acquisition are recognised immediately as an expense in the consolidated statement of comprehensive income, within administrative costs.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated income statement. Goodwill is not amortised and is reviewed for impairment, annually or more specifically if events or changes in circumstances indicate that the carrying value may be impaired.

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

Where it is not possible to establish the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash generating unit (i.e. the lowest group of assets in which the asset belongs for which there are separately identifiable cash flows). Goodwill is allocated on initial recognition to each of the group's cash generating units that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges are included in the administrative expenses line item in the consolidated statement of comprehensive income, except to the extent they reverse gains previously recognised in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed.

Notes to the financial statements
continued

Note 2 – Significant accounting policies continued

Associates and structured agreements
Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the consolidated statement of financial position at cost. Subsequently associates are accounted for using the equity method, where the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of profit and loss and other comprehensive income (except for losses in excess of the Group's investment in the associate unless there is an obligation to make good those losses).

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

Any premium paid for an associate 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 associate. Where there is objective evidence that the investment in an associate has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

Joint ventures
The group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as either:
Joint ventures – where the group has rights to only the net assets of the joint arrangement; or
Joint operations – where the group has rights to both the assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement;
- The legal form of joint arrangements structured through a separate vehicle;
- The contractual terms of the joint arrangement agreement; and
- Any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interests in joint ventures in the same manner as investments in Associates (i.e. using the equity method – refer above).

Any premium paid for an investment in 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 investment in 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.

The Group accounts for its interests joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

Financial assets
The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group has not classified any of its financial assets as held to maturity. The Group does not hold any financial assets at fair value through profit and loss.

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

The Group's receivables comprise trade and other receivables, cash and cash equivalents, and loans to customers in the balance sheet.

Trade receivables which principally represent amounts due from licensees are carried at original invoice value less an estimate made for bad and doubtful debts based on a review of all outstanding amounts at the year-end. An estimate for doubtful debts is made when there is objective evidence that the Group will not be able to collect amounts due according to the original terms of receivables. Bad debts are written off when identified.

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less. Where cash is on deposit with maturity dates greater than three months, it is disclosed within other receivables.

Loans to customers are in respect of formal loan agreements entered into between the Group and its customers, which are carried at original advanced value less provision for impairment. They are classified between current and non-current assets in accordance with the contractual repayment terms of each loan agreement.

Note 2 – Significant accounting policies continued

Financial assets continued

Available-for-sale financial assets

Non-derivative financial assets classified as available-for-sale comprise the Group's strategic investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. They are carried at fair value with changes in fair value generally recognised in other comprehensive income and accumulated in the available for sale reserve. In accordance with IAS 39, a significant or prolonged decline in the fair value of an available-for-sale financial asset is recognised in the consolidated statement of comprehensive income.

Purchases and sales of available-for-sale financial assets are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the available-for-sale reserve. On sale, the amount held in the available-for-sale reserve associated with that asset is removed from equity and recognised in the consolidated statement of comprehensive income.

Financial liabilities

Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Several of the Group's licensees participate in progressive jackpot games. Each time a progressive jackpot game is played, a preset amount is added to a cumulative jackpot for that specific game. The accrual for the jackpot at the consolidated balance sheet date is included in progressive jackpot and other operator's jackpot liabilities.

The Group's liability in connection with client funds includes customer deposits offset by the fair value of open positions, the movement on which is recognised through profit or loss. Such open positions are classified as short term financial derivatives in the balance sheet.

Liability components of convertible loan notes are measured as described further below.

Loans and bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated balance sheet. Interest expense in this context includes initial transaction costs and premia payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Fair value measurement hierarchy

IFRS 7 requires certain disclosure which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement (see note 30). The fair value hierarchy has the following levels:

a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
b) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. – derived from prices) (Level 2); and
c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the financial asset or financial liability is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the three levels. The Group measures its Available-for-sale investments at fair value – refer to Note 15 for more detailed information in respect of the fair value measurement.

Share capital

Ordinary shares are classified as equity and are stated at the proceeds received net of direct issue costs.

Employee Benefit Trust

Consideration paid/received for the purchase/sale of shares subsequently put in the Employee Benefit Trust is recognised directly in equity. The cost of treasury shares held is presented as a separate reserve (the "Employee Benefit Trust reserve"). Any excess of the consideration received on the sale of treasury shares over the weighted average cost of the shares sold is credited to retained earnings.

Convertible bond

The proceeds received on issue of the Group's convertible bond are allocated into their liability and equity components. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert. Subsequently, the debt component is accounted for as a financial liability measured at amortised cost until extinguished on conversion or maturity of the bond, where the option meets the definition of an equity instrument. The remainder of the proceeds is allocated to the conversion option and is recognised in the "Convertible bond option reserve" within shareholders' equity.

Notes to the financial statements
continued

Note 2 – Significant accounting policies continued

Long term liabilities
Long term liabilities are those liabilities that are due for repayment or settlement in more than twelve months from balance sheet date.

Provisions
Provisions, which are liabilities of uncertain timing or amount, are recognised when the Group has a present obligation as a result of past events, if it is probable that an outflow of funds will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Leases
Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an "operating lease"), the total rentals payable under the lease are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

Non-controlling interests
Non-controlling interest is recognised at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. The total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their relative ownership interests.

Adjusted results
Adjusted results are amended for income or expense that helps to better understand the trading performance of the business.

Such exclusions include:

- Material non-cash items, e.g. amortisation of intangibles on acquisition, change in fair value of available-for-sale investments in the income statement and Employee Share Option Plan expenses.
- Material one-off items, e.g. gain on sale of investment in associates, professional services cost related to acquisitions, irrecoverable deposit and professional fees on abandoned acquisitions and other exceptional projects.

Underlying adjusted results excludes the following items in order to present a more accurate 'like for like' comparison over the comparable period:

- The impact of acquisitions made in the period or in the comparable period; and
- Specific material agreements, adjustments to previous years or currency fluctuations affecting the results in the period and the comparable period.

A full reconciliation of adjustments is included in note 5.

Note 3 – Critical accounting estimates and judgements

The preparation of financial information in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial information and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

The areas requiring the use of estimates and critical judgments that may potentially have a significant impact on the Group's earnings and financial position are detailed below.

Estimates and assumptions

Impairment of goodwill and other intangibles
The Group is required to test, on an annual basis, whether goodwill, intangible assets not yet in use and indefinite life assets have suffered any impairment. The Group is required to test other intangibles if events of changes in circumstances indicated that their carrying amount may not be recoverable. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Such estimates are based on management's experience of the business, but actual outcomes may vary. More details including carrying values are included in Note 12.

Amortisation of development costs and other intangible assets and the useful life of property, plant and equipment
Intangible assets and property, plant and equipment are amortised or depreciated over their useful lives. Useful lives are based on management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness.

Changes to estimates can result in significant variations in the amounts charged to the consolidated statement of comprehensive income in specific periods. More details including carrying values are included in Notes 11 and 12.

Note 3 – Critical accounting estimates and judgements continued

Compliance risk – Legal, regulatory and taxation

Legal proceedings and contingent liabilities

Management regularly monitors the key risks affecting the Group, including the regulatory environment in which the Group operates. A provision will be made where there is a present obligation from a past event, a transfer of economic benefits is probable and the amount of costs of the transfer can be estimated reliably. In instances where the criteria are not met, a contingent liability may be disclosed in the notes to the financial information. More details are included in Note 31.

Income taxes

The Group is subject to income tax in jurisdictions in which its companies are incorporated and registered and judgment is required in determining the provision for income taxes. The Group is basing its tax provisions on current (and enacted but not yet implemented) tax rules and practices, together with advice received from professional advisers, and believes that its accruals for tax liabilities are adequate for all open enquiry years based on its assessment of many factors including past experience and interpretations of tax law. The Group constantly monitors changes in legislation and update its accruals accordingly. The principal risks relating to the Group's tax liabilities, and the sustainability of the underlying effective tax rate, arise from domestic and international tax laws and practices in the e-commerce environment continuing to evolve, including the corporate tax rates in jurisdictions where the Group has a significant asset or people presence. More details are included in Note 8.

Regulatory

The Group's subsidiary, Safecap investments Limited ("Safecap"), is primarily regulated by the Cyprus Securities and Exchange Commission. The regulatory environment is regularly changing and imposes significant demands of the resources of the subsidiary. As the subsidiary's activities expand, offering new products and penetrating new markets, these regulatory demands will inevitably increase. The increasing complexity of the Group's operations require training and recruitment be tailored to meet these regulatory demands and the costs of compliance are expected to increase.

In addition to the above, Safecap manages it capital resources on the basis of capital adequacy requirements as prescribed it regulator, together with its own assessment of other business risks and sensitivities which may impact the business. Capital adequacy requirements are monitored on a real-time basis, including a 'buffer' which is deemed sufficient by management to ensure that capital requirements are not breached at any time.

Structured agreements

For all arrangements structured in separate vehicles the Group must assess the substance of the arrangement in determining whether it meets the definition to be classified as an associate or joint venture. Factors the group must consider include:

- Structure
- Legal form
- Contractual agreement
- Other facts and circumstances.

Upon consideration of these factors, the Group has determined that all of its arrangements structured through separate vehicles give it significant influence but not joint control rights to the net assets and are therefore classified as associates.

Share-based payments

The Group has a share-based remuneration scheme for employees. The fair value of share options is estimated by using the Black-Scholes and Binomial models, on the date of grant based on certain assumptions. Those assumptions are described in Note 10 and include, among others, the dividend growth rate, expected share price volatility, expected life of the options and number of options expected to vest.

Determination of fair value of intangible assets acquired on business combinations

The fair value of the intangible assets acquired is based on the discounted cash flows expected to be derived from the use of the asset. Further information in relation to the determination of fair value of intangible assets acquired is given in Notes 26 and 27.

Determination of the fair value of contingent consideration

The fair value of contingent consideration is based on the probability of expected cash flow outcomes and the assessment of present values using appropriate discount rates. Further information in relation to the determination of the fair value of contingent consideration is given in Note 26 and 27.

Notes to the financial statements
continued

Note 4 – Segment information

The Group's reportable segments are strategic business units that offer different products and services.

Operating segments 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 including the Chief Executive Officer and the Chief Financial Officer.

The operating segments identified are:

- Gaming: including Casino, Services, Sport, Bingo, Poker and Land-based
- Financial: including CFD

The Group-wide profit measures are adjusted EBITDA and adjusted net profit (see Note 5). Management believes the adjusted profit measures represent more closely the underlying trading performance of the business. No other differences exist between the basis of preparation of the performance measures used by management and the figures in the Group financial information.

There is no allocation of operating expenses, profit measures, assets and liabilities to individual products within the segments.

Year ended 31 December 2015

	Casino €'000	Services €'000	Sport €'000	Land-based €'000	Bingo €'000	Poker €'000	Other €'000	Total Gaming €'000	Total Financial €'000	Consolidated €'000
Total revenue	308,712	155,625	32,206	29,749	20,468	11,241	12,079	570,080	60,006	630,086
adjusted EBITDA								236,022	15,866	251,888
adjusted net profit								192,176	14,233	206,409
Total assets								1,911,203	161,050	2,072,253
Total liabilities								672,164	139,394	811,558

Year ended 31 December 2014

	Casino €'000	Services €'000	Sport €'000	Land-based €'000	Bingo €'000	Poker €'000	Other €'000	Total Gaming €'000
Total revenue	244,235	132,792	26,306	16,612	17,468	13,813	5,754	456,980

In 2015, there were two licensees (2014: Three licensees) who individually accounted for more than 10% of the total gaming revenue and the total revenue of the Group. Aggregate revenue from these licensees totalled €192.3 million (2014: €185.9 million).

Note 4 – Segment information continued

Geographical analysis of revenues by jurisdiction of gaming license

Analysis by geographical regions is made according to the jurisdiction of the gaming license of the licensee. This does not reflect the region of the end users of the Group's licensees whose locations are worldwide.

	2015 €'000	2014 €'000
Philippines	199,608	134,052
UK	179,510	23,672
Rest of World	65,025	55,610
Antigua	53,512	63,302
Gibraltar	30,285	103,148
Italy	15,591	13,299
Malta	10,798	15,867
Curacao	10,426	13,614
Alderney	5,325	34,416
	570,080	456,980

Geographical analysis of non-current assets

The Group's information about its non-current assets by location of the domicile are detailed below:

	2015 €'000	2014 €'000
Isle of Man	675,154	183,300
British Virgin Islands	205,325	215,876
Cyprus	76,436	32,974
Luxembourg	65,884	–
Sweden	19,194	20,255
Netherlands	18,579	7,990
Latvia	11,069	–
UK	10,220	5,229
Rest of World	30,056	28,529
	1,111,917	494,153

The Group's information about its non-current assets by location of the assets are detailed below:

	2015 €'000	2014 €'000
Isle of Man	515,013	163,489
UK	236,235	25,040
British Virgin Islands	194,240	211,468
Cyprus	76,436	32,974
Sweden	19,194	20,255
Netherlands	18,579	7,990
Philippines	12,929	6,537
Latvia	11,069	2,670
Rest of World	28,222	23,730
	1,111,917	494,153

Notes to the financial statements
continued

Note 5 – Adjusted items

The following tables give a full reconciliation between adjusted and actual results:

	2015 €'000	2014 €'000
Distribution costs before depreciation and amortisation	331,705	211,756
Employee stock option expenses	(3,914)	(314)
Adjusted distribution costs before depreciation and amortisation	327,791	211,442
Administrative expenses before depreciation and amortisation	64,370	47,321
Employee stock option expenses	(990)	(50)
Professional fees on acquisitions	(6,181)	(212)
Irrecoverable deposit and professional fees on abandoned acquisitions	(6,792)	–
Decline in fair value of available-for-sale investment	–	(8,668)
Total adjusted items	(13,963)	(8,930)
Adjusted administrative expenses before depreciation and amortisation	50,407	38,391
Depreciation – distribution costs	12,653	8,300
Depreciation – administrative costs	1,925	1,365
Amortisation – distribution costs	69,610	60,125
Impairment	1,210	–
Total depreciation and amortisation	85,398	69,790
Amortisation of intangibles on acquisitions – distribution costs	(41,751)	(39,057)
Adjusted depreciation and amortisation	43,647	30,733
Revenue	630,086	456,980
Revenue related to acquisitions	(74,162)	(5,601)
Adjustment due to UK Point of Consumption ("POC") tax	13,259	906
Underlying revenue	569,182	452,284
EBITDA	234,011	197,903
Decline in fair value of available-for-sale investments	–	8,668
Employee stock option expenses	4,904	364
Professional expenses on acquisitions	6,181	212
Irrecoverable deposit and professional fees on abandoned acquisitions	6,792	–
Adjusted EBITDA	251,888	207,147
EBITDA related to acquisitions	(13,374)	(766)
Adjustment due to UK POC tax	17,056	1,068
Underlying adjusted EBITDA	255,570	207,449
Profit for the year- attributable to owners of parent	135,810	140,327
Amortisation of intangibles on acquisitions	41,751	39,057
Decline in fair value of available-for-sale investments	–	8,668
Employee stock option expenses	4,904	364
Professional expenses on acquisitions	6,181	212
Irrecoverable deposit and professional fees on abandoned acquisitions	6,792	–
Non-cash accrued bond interest	9,388	1,113
Movement in deferred and contingent consideration	1,088	439
Provision against irrecoverable cash	–	593
Adjusted profit for the year – attributable to owners of the parent	205,914	190,773
Adjusted net profit related to acquisitions	(8,720)	413
Impairment	1,210	–
One off facility costs	1,550	–
Share of loss from associates	5,856	695
Effect of UK POC tax	17,056	1,068
Underlying adjusted profit for the year – attributable to owners of the parent	222,866	192,949

NOTE 6 – EBITDA

EBITDA is stated after charging:

	2015 €'000	2014 €'000
Directors compensation		
Short-term benefits of Directors	2,359	1,635
Share-based benefits of Directors	444	4
Bonuses to executive Directors	1,942	1,725
	4,745	3,364
Auditor's remuneration		
Audit services:		
Parent company and Group audit	529	395
Audit of overseas subsidiaries	571	381
Total audit fees	1,100	776
Non-audit services:		
Other acquisition and assurance services	943	397
Taxation compliance	213	23
Total non-audit fees	1,156	420
Development costs (including capitalised development costs of €29.7 million (2014: €20.1 million)	80,988	48,707

Note 7 – Financing income and costs

	2015 €'000	2014 €'000
A. Finance income		
Interest received	1,741	1,551
Dividends received from available-for-sale investments	2,311	1,560
Exchange differences	10,579	16,046
	14,631	19,157
B. Finance cost		
Finance cost – movement in contingent consideration	(1,088)	(439)
Interest expenses on convertible bonds	(10,873)	(1,287)
One-off provision against irrecoverable cash	–	(593)
Bank charges and interest paid	(3,705)	(523)
	(15,666)	(2,842)
Net financing income	1,035	16,315

Notes to the financial statements
continued

Note 8 – Taxation

	2015 €'000	2014 €'000
Current income tax		
Income tax on profits of subsidiary operations	7,759	3,953
Deferred tax (Note 24)	(2,113)	(1,030)
Total tax charge	5,646	2,923

The tax charge for the year can be reconciled to accounting profit as follows:

	2015 €'000	2014 €'000
Profit before taxation	141,951	143,641
Tax at effective rate in Isle of Man	–	–
Higher rates of current income tax in overseas jurisdictions	5,646	2,923

The group is tax registered, managed and controlled from the Isle of Man where the corporate tax rate is set to zero. The majority of profits arise in Isle of Man and British Virgin Islands, in which the corporate tax is set to zero as well. The Group's subsidiaries are located in different jurisdictions. The subsidiaries are taxed on their residual profit.

The deferred tax is due to the reversal of temporary differences arising on the acquisition of certain businesses in the current and prior years.

Note 9 – Earnings per share

Earnings per share have been calculated using the weighted average number of shares in issue during the relevant financial periods. The weighted average number of equity shares in issue and the earnings, being profit after tax is as follows:

	2015 Actual €'000	2015 Adjusted €'000	2014 Actual €'000	2014 Adjusted €'000
Profit for the year attributable to owners of the parent	135,810	205,914	140,327	190,773
Basic (cents)	44.5	67.5	48.4	65.9
Diluted (cents)	44.5	67.4	48.2	65.6

	Number 2015	Number 2014*
Denominator – basic		
Weighted average number of equity shares	305,086,266	289,658,548
Denominator – diluted		
Weighted average number of equity shares	305,086,266	289,658,548
Weighted average number of option shares	411,618	1,209,873
Weighted average number of shares	305,497,884	290,868,421

* 2014 comparable was recalculated to reflect the exclusion of the Group's EBT.

As at 31 December 2015, out of the entire share options outstanding none (2014: 10,667) have been excluded from the calculation of diluted EPS as their exercise price is greater than the weighted average share price during the year (i.e. they are out of the money) and therefore it would not be advantageous for the holders to exercise those options. The total number of options in issue is disclosed in Note 10.

Note 10 – Employee benefits

Total staff costs comprise the following:

	2015 €'000	2014 €'000
Salaries and employee-related costs	219,676	157,579
Employee stock option costs	4,904	364
	224,580	157,943
Average number of employees:		
Distribution	4,837	3,738
General and administration	324	234
	5,161	3,972

The Group has the following employee share option plans ("ESOP") for the granting of non-transferable options to certain employees:

- Playtech 2005 Share Option Plan ("the Plan") and Israeli plans, options granted under the plans vest on the first day on which they become exercisable which is typically between one to four years after grant date.
- GTS 2010 Company Share Option Plan ("CSOP"), options granted under the plan vest on the first day on which they become exercisable which is three years after grant date.
- Long Term Incentive Plan 2012 ("LTIP"), awards (options, conditional awards or a forfeitable share award) granted under the plan vest on the first day on which they become exercisable which is typically between eighteen to thirty six months after grant date.

The overall term of the ESOP is five to ten years. These options are settled in equity once exercised. Option prices are either denominated in $ or £, depending on the option grant terms.

During 2012, the Group amended some of the rules of the equity based Plan. The amendments allow the Group, at the employees consent, to settle fully vested and exercisable options for cash instead of issuing shares.

The Group granted 156,716 and 203,487 nil cost awards in the end of 2014 and 2015 respectively.

At 31 December 2015, options under these schemes were outstanding over:

	2015 Number	2014 Number
Shares vested on 30 November 2008 at an exercise price of £1.45 per share	–	38,899
Shares vested between 21 June 2007 and 21 June 2009 at an exercise price of $5.75 per share	1,667	6,867
Shares vested between 21 June 2007 and 21 June 2009 at an exercise price of £3.16 per share	10,000	10,000
Shares vested between 11 December 2007 and 11 December 2009 at an exercise price of $4.35 per share	–	25,000
Shares vested between 11 December 2007 and 11 December 2009 at an exercise price of £2.21 per share	5,334	22,334
Shares vested between 16 May 2008 and 16 May 2010 at an exercise price of £3.79 per share	–	8,000
Shares vested between 18 June 2008 and 18 June 2010 at an exercise price of $7.79 per share	–	4,900
Shares vested between 18 June 2008 and 18 June 2010 at an exercise price of £3.96 per share	6,267	14,084
Shares vested between 31 December 2008 and 31 December 2010 at an exercise price of $7.68 per share	3,000	3,000
Shares vested between 31 December 2008 and 31 December 2010 at an exercise price of £3.86 per share	7,000	12,667
Shares vested between 10 October 2008 and 10 October 2011 at an exercise price of £3.51 per share	–	75,000
Shares vested between 25 April 2009 and 25 April 2012 at an exercise price of £4.35 per share	10,000	40,000
Shares vested between 28 November 2009 and 28 November 2012 at an exercise price of £3.20 per share	37,518	49,689
Shares vested on 22 May 2012 at an exercise price of £4.155 per share	20,000	95,000
Shares vested between 18 April 2012 and 18 April 2013 at an exercise price of £5.12 per share	23,200	73,000
Shares vested between 3 June 2012 and 3 June 2013 at an exercise price of £4.84 per share	–	7,500
Shares vested between 26 August 2012 and 26 August 2013 at an exercise price of £4.16 per share	37,111	70,633
Shares vested on 10 March 2014 at an exercise price of £3.5225 per share	73,000	283,300
Shares vested on 23 June 2015 at an exercise price of £3.48 per share	13,000	370,000
Shares will vest between 17 June 2016 and 17 June 2017 at nil cost	57,425	–
Shares will vest on 1 March 2017 at nil cost	99,291	–
Shares will vest on 1 March 2018 at nil cost	146,919	–
Shares will vest between 1 September 2016 and 1 March 2018 at nil cost	56,568	–
	607,300	1,209,873

Total number of shares exercisable as of 31 December 2015 is 247,097 (2014: 839,873).

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Note 10 – Employee benefits continued

The following table illustrates the number and weighted average exercise prices of shares options for the ESOP.

	2015 Number of options	2014 Number of options	2015 Weighted average exercise price	2014 Weighted average exercise price
Outstanding at the beginning of the year	1,209,873	3,021,223	$5.27, £3.64	$4.36, £3.70
Granted	360,203	–	nil	nil
Forfeited	(25,041)	(12,869)	£4.44	£3.42
Exercised	(937,735)	(1,798,481)	$4.99, £3.64	$7.5, £3.72
Outstanding at the end of the year	607,300	1,209,873	$6.99, £1.52	$5.27, £3.64

Nil options exercised during the year (2014: 113,869) where a cash alternative was received.

The weighted average share price at the date of exercise of options was £8.036 (2014: £7.36).

Share options outstanding at the end of the year have the following exercise prices:

Expiry date	Exercise price	2015 Number	2014 Number
1 December 2015	$2.50 and between £1.45 and £2.32	–	38,899
Between 6 February 2016 and 11 December 2016	Between $4.35 and $5.75 and between £1.72 and £3.16	17,001	64,201
Between 15 May 2017 and 31 December 2017	Between $7.19 and $7.79 and between £3.39 and £3.96	16,267	117,651
Between 25 April 2018 and 31 December 2018	$4.35 and between £3.17 and £5.31	47,518	89,689
Between 22 May 2019 and 6 November 2019	Between £3.70 and £4.16	20,000	95,000
Between 18 April 2020 and 26 August 2020	Between £4.16 and £5.12	60,311	151,133
Between 10 March 2021 and 16 December 2021	Between £2.30 and £3.52	73,000	283,300
21 June 2022	£3.48	13,000	370,000
17 December 2024	Nil	156,716	–
17 December 2025	Nil	203,487	–
		607,300	1,209,873

Markets ESOP

Options granted under TradeFX 2009 Global Share Option Plan ("TradeFX Plan") vest on the first day on which they become exercisable which is typically between one to four years after grant date.

As of the date of acquisition of Markets total outstanding unvested share options amount was 172,386. Markets options were granted between 2010 and 1 April 2015: 7,375 with exercise price of $4; 17,325 options with exercise price of $12; and 147,686 with exercise price of $70. All share are in the money as of 31 December 2015.

In the period since the acquisition date and until 31 December 2015, 3,062 options were forfeited and 425 were exercised. The options are exercised into Markets shares and therefore dilute the Group's holding percentage.

As of 31 December 2015, 168,999 options are outstanding, of this 19,752 are vested and exercisable.

Note 11 – Property, plant and equipment

	Computers and gaming machines €'000	Office furniture and equipment €'000	Motor vehicles €'000	Buildings and Leasehold and buildings improvements €'000	Total €'000
Cost					
At 1 January 2014	39,577	2,885	491	8,909	51,862
Additions	16,033	2,745	40	6,346	25,164
Acquired through business combinations	542	637	–	350	1,529
Disposals	(1,295)	(546)	(75)	(264)	(2,180)
At 31 December 2014	54,857	5,721	456	15,341	76,375
Accumulated depreciation					
At 1 January 2014	26,895	1,073	136	1,923	30,027
Charge	7,623	929	94	1,019	9,665
Disposals	(901)	(421)	(50)	(264)	(1,636)
At 31 December 2014	33,617	1,581	180	2,678	38,056
Net Book Value					
At 31 December 2014	21,240	4,140	276	12,663	38,319
At 31 December 2013	12,682	1,812	355	6,986	21,835

	Computers and gaming machines €'000	Office furniture and equipment €'000	Motor vehicles €'000	Buildings and Leasehold and buildings improvements €'000	Total €'000
Cost					
At 1 January 2015	54,857	5,721	456	15,341	76,375
Additions	13,435	2,490	202	11,200	27,327
Acquired through business combinations	621	435	–	66	1,122
Disposals	(1,723)	(190)	(144)	(9)	(2,066)
Foreign exchange Movements	1	3	–	–	4
At 31 December 2015	67,191	8,459	514	26,598	102,762
Accumulated depreciation					
At 1 January 2015	33,617	1,581	180	2,678	38,056
Charge	10,770	1,856	83	1,869	14,578
Disposals	(976)	(172)	(61)	–	(1,209)
Foreign exchange Movements	–	–	–	–	–
At 31 December 2015	43,411	3,265	202	4,547	51,425
Net Book Value					
At 31 December 2015	23,780	5,194	312	22,051	51,337

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Note 12 – Intangible assets

	Patents, Domain names and license €'000	Technology IP €'000	Development costs €'000	Customer List & Affiliates €'000	Goodwill €'000	Total €'000
Cost						
As of 1 January 2014	22,576	20,881	66,514	220,853	197,208	528,032
Additions	592	1,670	21,806	3,989	–	28,057
Assets acquired on business combinations	–	4,110	1,825	1,998	7,889	15,822
As of 31 December 2014	23,168	26,661	90,145	226,840	205,097	571,911
Accumulated amortisation						
As of 1 January 2014	6,682	10,346	28,615	89,268	–	134,911
Provision	1,992	2,803	15,731	35,329	–	55,855
As of 31 December 2014	8,674	13,149	44,346	124,597	–	190,766
Net Book Value						
As of 31 December 2014	14,494	13,512	45,799	102,243	205,097	381,145
As of 31 December 2013	15,894	10,535	37,899	131,585	197,208	393,121

	Patents, Domain names and license €'000	Technology IP €'000	Development costs €'000	Customer List & Affiliates €'000	Goodwill €'000	Total €'000
Cost						
As of 1 January 2015	23,168	26,661	90,145	226,840	205,097	571,911
Additions	4,331	–	31,357	–	–	35,688
Assets acquired on business combinations	35,059	16,416	2,177	81,536	261,834	397,022
Written off of an intangible asset	–	–	(1,210)	–	–	(1,210)
Foreign exchange Movements	333	105	41	775	2,282	3,536
As of 31 December 2015	62,891	43,182	122,510	309,151	469,213	1,006,947
Accumulated amortisation						
As of 1 January 2015	8,674	13,149	44,346	124,597	–	190,766
Provision	5,713	3,930	20,249	35,448	–	65,340
Foreign exchange Movements	(6)	(25)	30	(30)	–	(31)
As of 31 December 2015	14,381	17,054	64,625	160,015	–	256,075
Net Book Value						
As of 31 December 2015	48,510	26,128	57,885	149,136	469,213	750,872

The Group amortisation charge of €69.6 million also includes €4.2 million (2014: €4.2 million) in relation to the release of the buyout of reseller agreement (note 15 and 17).

Note 12 – Intangible assets continued

In accordance with IAS 36, the Group regularly monitors the carrying value of its intangible assets, including goodwill. Goodwill is allocated to fourteen (2014: twelve) cash generating units ("CGU") Management determines which of those CGU's are significant in relation to the total carrying value of goodwill as follows:

- Carrying value exceeds 10% of total goodwill; or
- Acquisition during the year; or
- Contingent consideration exists at the balance sheet date.

Based on the above criteria in respect of the goodwill, management has concluded that the following CGUs are significant:

- Markets, with a carrying value of €240.6 million (2014: nil);
- Services, with a carrying value of €108.6 million (2014: €98.1 million);
- Casino product, with a carrying value of €34.0 million (2014: €27.1 million);
- Yoyo, with a carrying value of €13.2 million (2014: nil).

The recoverable amounts of all the CGUs have been determined from value in use calculations based on cash flow projections from formally approved budgets covering one year period to 31 December 2016 in addition to 2-3 years period forecasts. Beyond this period, management has applied an annual growth rate of between 2% and 5% based on the underlying economic environment in which the CGU operates. Management has applied a discount rates to the cash flow projections between 12.0% and 18.4% (2014: between 15.0% and 17.4%).

The results of the review indicated that there was no impairment of goodwill at 31 December 2015. Management has also reviewed the key assumptions and forecasts for the customer lists, brands and affiliates, applying the above same key assumptions. The results of the reviews indicated that there was no impairment of the intangible assets at 31 December 2015.

Note 13 – Investments in equity accounted associates & joint ventures

	2015 €'000	2014 €'000
Investment in joint ventures comprise:		
A. Investment in International Terminal Leasing	3,388	5,521
Investment in equity accounted associates:		
B. Investment in associates	17,254	15,328
C. Investment in structured agreements	31,136	12,977
	51,778	33,826

A. Investment in International Terminal Leasing

On 8 March 2011, the Group entered into an agreement with Scientific Games to form a partnership called International Terminal Leasing ("ITL"), which relates to the strategic partnership with Scientific Games Corporation.

The Group's future profit share from this joint venture varies depending on the commercial arrangements in which ITL and its partners enter into with third parties. However, the group's share of profit is expected to be between 20%-50%.

The Group received a return on investments of €2.4 million during the year (2014: €3.4 million).

Movements in the carrying value of the investment during the year are as follows:

	€'000
Investment in joint venture at 31 December 2014	5,521
Share of profit in joint venture	229
Return of investment	(2,362)
Investment in joint venture at 31 December 2015	3,388

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Note 13 – Investments in equity accounted associates & joint ventures continued

B. Investment in associates

Investment in BGO

In August 2014, the Group acquired 33.33% of the shares of BGO Limited for a total consideration of £10 million (€12.5 million). During the year the Group invested additional £0.7 million (€0.9 million).

The purpose of this investment is to further enhance BGO gaming applications on the Group's platform and to enable BGO to further invest in its successful brands and grow into international markets.

Other individually immaterial investments

During the year the Group acquired non-controlling interest in several companies for a total consideration of €6.6 million and €0.3 million additional consideration to non-controlling investments acquired in previous years (2014: €2.6 million were reclassified from other non-current assets to investment in associates and additional €0.9 million was invested).

Total associates:

	€'000
Investment in associates at 1 January 2015	15,328
Investment in associates in the year	7,783
Investment in associate acquired on business combination	438
Share of loss	(5,856)
Disposal of investment in associate	(439)
Investment in associates at 31 December 2015	17,254

Aggregated amounts relating to BGO Limited are as follows:

	2015 €'000	2014 €'000
Total non-current assets	1,667	206
Total current assets	8,676	14,236
Total current liabilities	(6,954)	(3,800)
Revenues	28,972	4,733
Loss	(12,762)	(2,203)

C. Investment in structured agreements

During the year the Group entered into three new structured agreements, which include agreements covering software licensing and services provisions, for total cash investment of €8.9 million and additional €9.3 million invested in existing agreements (2014: three agreements of a total cash investment of €13.0 million). These structured agreements are individually immaterial.

Ladbrokes software and services agreement

In 2013, Group entered into a landmark transaction with Ladbrokes plc ("Ladbrokes"), which includes three significant agreements covering software licensing, marketing and advisory services.

As part of the advisory services agreement, the Group through its marketing division will have significant influence over the financial and operational decision making of the Ladbrokes digital business. The Group will receive a share of profit based on the EBITDA performance of the Ladbrokes digital business in the financial year ended 31 December 2017 over and above that achieved in the financial year ended 31 December 2012, as adjusted (the "Base EBITDA").

On 27 July 2015, the Group agreed to an early settlement of its marketing services.

With effect and subject to the Completion of the merger between Ladbrokes and Coral Group, the Group shall become entitled to receive £75 million. Of this, £40 million will be satisfied by way of the issue of shares in Ladbrokes on Completion. A further £35 million will be guaranteed in cash to be received upon delivery of key operational milestones by the Group but, in any event, within 42 months following completion of the merger.

Total structured agreements:

	€'000
Investment in structured agreements at 1 January 2015	12,977
Investment in structured agreements in the year	18,159
Investment in structured agreements at 31 December 2015	31,136

Note 14 – Available-for-sale investments

	2015 €'000	2014 €'000
Investment in available-for-sale investments at 1 January	24,219	33,661
Investment in the year	209,797	–
Gains recycled to income statement	–	1,578
Unrealised valuation movement recognised in equity	1,160	(774)
Decline in fair value recognised in income statement	–	(10,246)
Foreign exchange Movements	1,924	–
Investment in available-for-sale investments at 31 December	237,100	24,219

	2015 €'000	2014 €'000
Available-for-sale financial assets include the following:		
Quoted:		
Equity securities – UK	226,015	19,811
Equity securities – Asia	11,085	4,408
	237,100	24,219

The fair value of quoted investments is based on published market prices.

The maximum exposure to credit risk at the reporting date is the carrying value of the financial assets classified as available-for-sale.

Note 15 – Other non-current assets

	2015 €'000	2014 €'000
Loans to customers	7,199	7,144
Loan to affiliate	2,825	1,414
Rent and car lease deposits	3,312	2,049
Guarantee for gaming licenses	2,000	1,000
Buyout of reseller agreement	–	3,265
Related parties (Note 28)	3,561	1,511
Non-current prepayments	766	–
Other	1,167	261
	20,830	16,644

Note 16 – Trade receivables

	2015 €'000	2014 €'000
Customers	72,341	41,092
Related parties (Note 28)	2,291	3,964
	74,632	45,056

Notes to the financial statements
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Note 17 – Other receivables

	2015 €'000	2014 €'000
Prepaid expenses	14,340	7,699
VAT and other taxes	6,785	4,595
Advances to suppliers	380	1,240
Buyout of reseller agreement	3,308	4,313
Other receivables	2,993	4,549
	27,806	22,396

Note 18 – Cash and cash equivalents

	2015 €'000	2014 €'000
Cash at bank	501,336	481,991
Deposits	356,562	210,356
	857,898	692,347

The Group held cash balances which include monies held on behalf of operators in respect of operators' jackpot games and poker and casino operations and client funds with respect to CFD activity.

	2015 €'000	2014 €'000
Funds attributed to jackpots	30,886	25,169
Security deposits	32,454	32,198
Client funds	43,761	3,195
	107,101	60,562

Note 19 – Shareholders' equity

A. Share Capital
Share capital is comprised of no par value shares as follows:

	2015 Number of Shares	2014 Number of Shares
Authorised*	N/A	N/A
Issued and paid up	322,624,603	293,492,617

* The Group has no authorised share capital but is authorised under its memorandum and article of association to issue up to 1,000,000,000 shares of no par value.

During the year the Group has issued 29,050,000 shares of no par value.

B. Employee Benefit Trust
During 2014 the Group established an Employee Benefit Trust by acquiring 5,517,241 shares for a total consideration of €48.5 million. During the year 855,749 shares (2014: 1,381,403) were sold with a cost of €8.7 million (2014: €12.4 million), and as of 31 December 2015, a balance of 3,280,089 (2014: 4,135,838) shares remains in the trust with a cost of €27.5 million (2014: €36.2 million).

C. Share options exercised
During the year 81,986 (2014: 303,209) share options were exercised. The Group did not cash-settled share options during the year (2014: 113,869, resulted in cash payments of €0.4 million).

Note 19 – Shareholders' equity continued

D. Distribution of Dividend

In June 2015, the Group distributed €51,171,493 as a final dividend for the year ended 31 December 2014 (17.5 € cents per share).

In October 2015, the Group distributed €30,633,827 as an interim dividend in respect of the period ended 30 June 2015 (12.8 € cents per share).

E. Reserves

The following describes the nature and purpose of each reserve within owner's equity:

Reserve	Description and purpose
Additional paid in capital	Share premium (i.e. amount subscribed for share capital in excess of nominal value)
Available-for-sale reserve	Changes in fair value of available-for-sale investments (Note 14)
Employee Benefit Trust	Cost of own shares held in treasury by the trust
Foreign exchange reserve	Gains/losses arising on retranslating the net assets of overseas operations
Convertible bond option reserve	Amount of proceeds on issue of convertible debt relating to the equity component (i.e. option to convert the debt into share capital)
Retained earnings	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income

Note 20 – Loans and borrowings

The loan balance as of 31 December 2015 is €200 million. The loan is a revolving credit facility available until July 2018. Interest payable on the loan is based on a margin on Euro Libor rates.

The Group has undrawn committed borrowing facilities available at 31 December 2015 of €40.0 million.

Note 21 – Convertible bonds

On 12 November 2014 the Group issued €297.0 million of senior, unsecured convertible bonds due 2019 and convertible into fully paid Ordinary Shares of Playtech plc (the "Bonds"). The net proceeds of issuing the Bonds, after deducting commissions and other direct costs of issue, totalled €291.1 million.

The Bonds were issued at par and will be redeemed (if not converted before) on 19 November 2019 at their principal amount. The Bonds bear interest at 0.5% per annum, payable annually in arrears on 19 November.

Upon conversion, Bondholders are entitled to receive Ordinary Shares at the conversion price of €10.1325 per Ordinary Share, subject to adjustment in respect of (i) any dividend or distribution by the Company, (ii) a change of control and (iii) customary anti-dilution adjustments for, inter alia, share consolidations, share splits and rights issues.

The fair value of the liability component, included in non-current borrowings, at inception was calculated using a market interest rate for an equivalent instrument without conversion option of 4%.

The fair value of the liability component, which is immateriality different to the amortised cost, of the Bonds (including accrued interest) at 31 December 2015 amounted to €256.4 million (2014: €247.0 million), which was calculated using cash flow projections discounted at 4%.

The fair value at inception of the equity component of the bonds at 31 December 2015 was €45.4 million (2014: €45.4 million).

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Note 22 – Contingent consideration

	2015 €'000	2014 €'000
Non-current contingent consideration consists:		
Acquisition of Markets Limited (Note 26b)	138,196	–
Other acquisitions (Note 26c)	3,151	1,088
	141,347	1,088
Current contingent consideration consists:		
Acquisition of Yoyo Games Limited (Note 26a)	2,036	–
Other acquisitions (Note 26c)	2,455	1,823
	4,491	1,823

Note 23 – Trade payables

	2015 €'000	2014 €'000
Suppliers	14,907	10,934
Customer liabilities	1,292	2,467
Related parties (Note 28)	200	1,630
Other	1,012	1,395
	17,411	16,426

Note 24 – Deferred tax liability

The deferred tax liability is due to temporary differences on the acquisition of certain businesses.

The movement on the deferred tax liability is as shown below:

	2015 €'000	2014 €'000
At the beginning of the year	4,904	5,083
Arising on the acquisitions during the year (Note 26)	11,258	851
Reversal of temporary differences, recognised in the consolidated statement of comprehensive income (Note 8)	(2,113)	(1,030)
	14,049	4,904

Note 25 – Other payables

	2015 €'000	2014 €'000
Payroll and related expenses	35,147	24,351
Accrued expenses	15,955	8,882
Related parties (Note 28)	353	–
Other payables	4,600	3,579
	56,055	36,812

Note 26 – Acquisitions during the year

A. Acquisition of Yoyo Games Limited

On 13 February 2015, the Group acquired 100% of the shares of Yoyo Games Limited ("Yoyo"). Yoyo is the home of Game Maker: Studio™ ("GMS"), a mobile driven cross-platform casual game development technology that enables developers to create games using a single programming code and then publish them to run natively across most common platforms.

The Group paid total cash consideration of €14.4 million ($16.4 million) and additional consideration capped at €2.2 million ($2.5 million) in cash will be payable subject to achieving target EBITDA.

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

	Fair value on acquisition €'000
Property, plant and equipment	168
Intangible assets	4,650
Trade receivables	52
Cash and cash equivalent	219
Trade payables	(836)
Deferred tax liability	(930)
Net identified assets	3,323
Goodwill	13,241
Fair value of consideration	16,564

	€'000
Cash consideration	14,423
Current contingent consideration	2,204
Finance cost arising on discounting of contingent consideration	(63)
Fair value of consideration	16,564
Cash purchased	(219)
Net cash payable	16,345

Adjustments to fair value include the following:

	Amount €'000	Amortisation %
IP Technology	4,650	17

The main factor leading to the recognition of goodwill is the database of users and time to market benefit. In accordance with IAS36, the Group will regularly monitor the carrying value of its interest in Yoyo.

The key assumptions used by management to determine the value in use of the IP Technology within Yoyo are as follows:

- The income approach, in particular, the excess earnings.
- The discount rate assumed is equivalent to the WACC for the IP Technology.
- The growth rates and attrition rates were based on market analysis.

Management has not disclosed Yoyo contribution to the Group profit since the acquisition nor has the impact the acquisition would have had on the Group's revenue and profits if it had occurred on 1 January 2015 been disclosed, because the amounts are not material.

Notes to the financial statements
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Note 26 – Acquisitions during the year continued

B. Acquisition of Markets Limited (previously named TradeFX Limited)

On 8 May 2015, the Group acquired 95.05% of the shares of Markets Limited ("Markets"), 91.1% on fully diluted basis. The sellers included a company related to the significant shareholder, Telesphere services Limited.

Markets is online CFDs broker and trading platform provider, operates a platform for CFDs trading across multiple channels. In addition, Markets provides a turnkey offering, including a white label solution, for B2B clients, in return for a revenue share.

The Group paid total cash consideration of €208 million, and additional consideration capped at €250 million in cash will be payable subject to achieving target EBITDA.

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

	Fair value on acquisition €'000
Property, plant and equipment	954
Intangible assets	129,814
Investments in equity accounted associates & joint ventures	439
Other non-current assets	1,839
Accounts receivables	486
Other receivables	2,159
Cash and cash equivalent	48,945
Other non-current liabilities	(2,228)
Trade payables	(6,827)
Client funds	(45,206)
Other liabilities	(9,748)
Deferred tax liability	(10,192)
Net identified assets	110,435
Goodwill	240,593
Non-controlling interest	(5,473)
Fair value of consideration	345,555

	€'000
Cash consideration	207,987
Current contingent consideration	154,693
Finance cost arising on discounting of contingent consideration	(17,125)
Fair value of consideration	345,555
Cash purchased	(53,945)
Net cash payable	291,610

Adjustments to fair value include the following:

	Amount €'000	Amortisation %
IP Technology	11,085	20
Customer lists	81,536	6-25
Domains	31,333	7

The main factor leading to the recognition of goodwill is the time to market benefit. In accordance with IAS 36, the Group will regularly monitor the carrying value of its interest in these acquisitions.

Note 26 – Acquisitions during the year continued

B. Acquisition of Markets Limited (previously named TradeFX Limited) continued

The key assumptions used by management to determine the value in use of the IP Technology, Customer lists and Domains within these acquisitions are as follows:

- The income approach, in particular, the multi period excess earnings method.
- The royalty rate was based on a third party market participant assumption for use of the IP Technology and Domains, considering market competition, quality, absolute and relative profitability.
- The discount rate assumed is equivalent to the WACC for the IP Technology, Customer lists and Domains.
- The growth rates and attrition rates were based on market analysis.

The non-controlling interest calculation was based on the net identified assets, and also included fair value adjustment due to unvested share options as of the date of acquisition. This adjustment has increased the goodwill.

Following the acquisition of Markets Limited (formerly TradeFX Limited) on 7 May 2015, the Group recognised the provisional fair value of certain intangible assets (including goodwill) in the interim accounts at 30 June 2015. Subsequently, additional information became available which impacted the provisional fair values recognised on the acquisition date and, in accordance with IFRS3, the Group has taken the additional information into account in computing the final fair value of the related assets recognised in these financial statements.

The effect of amending the provisional fair values as described above was to: (i) decrease intangible assets (including goodwill) by €95m; and (ii) decrease contingent consideration by €95m. Accordingly, there was no impact on net assets.

Since the acquisition date, Markets has contributed €60.0 million to the Group revenue in the period, €14.2 million to the adjusted net profits and €15.9 million and adjusted EBITDA. The combined Group revenues as if the Markets acquisition had occurred on 1 January 2015 would have been higher by €90.2 million, the combined Group adjusted EBITDA and adjusted net profit would have been higher by €25.9 million and €19.1 million respectively.

C. Other acquisitions

During the period the Group acquired 100% of the shares of various companies for a total initial consideration of €3.5 million and additional consideration capped at €4.9 million in cash will be payable subject to the achievement of certain operational targets.

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

	Fair value on acquisition €'000
Intangible assets	682
Trade and other receivables	110
Cash and cash equivalent	323
Trade and other payables	(160)
Deferred tax liability	(136)
Net identified assets	819
Goodwill	7,310
Total fair value of consideration	8,129

	€'000
Cash consideration	3,535
Current contingent consideration	4,943
Finance cost arising on discounting of contingent consideration	(349)
Fair value of consideration	8,129
Cash purchased	(323)
Net cash payable	7,806

Notes to the financial statements
continued

Note 26 – Acquisitions during the year continued

C. Other acquisitions continued
Adjustments to fair value include the following:

	Amount €'000	Amortisation %
IP Technology	682	17

The main factor leading to the recognition of goodwill is the unique workforce and time to market benefit. In accordance with IAS36, the Group will regularly monitor the carrying value of its interest in these acquisitions.

The key assumptions used by management to determine the value in use of the IP Technology within these acquisitions are as follows:

- The income approach, in particular, the multi period excess earnings method.
- The discount rate assumed is equivalent to the WACC for the IP Technology.
- The growth rates and attrition rates were based on market analysis.

Management has not disclosed other acquisitions contribution to the Group profit since these acquisitions nor has the impact the acquisition would have had on the Group's revenue and profits if it had occurred on 1 January 2015 been disclosed, because the amounts are not material.

Note 27 – Acquisitions in previous year

A. Acquisition of Aristocrat Lotteries
On 30 September 2014, the Group entered into share and assets purchase agreement with various subsidiaries of Aristocrat Leisure Limited, provider of TruServ Video Lottery Terminal ("VLT"). The Group acquired the IP Technology and 100% of the issued share capital of Aristocrat Lotteries AB and Aristocrat Lotteries Italia S.r.l. ("Aristocrat Lotteries"). Aristocrat Lotteries provide a server-based gaming platform for VLTs and Casino (Class III) markets to two leading retail VLT operators in Norway and Italy, marketed under the 'TruServTM brand.

The Group paid total cash consideration of €11.7 million, including working capital adjustment. Up to €1.0 million may be repaid to the Group subject to the number of VLT's on the first anniversary.

B. Other acquisitions
During 2014 the Group acquired the shares of various companies for a total cash consideration of €4.2 million and additional consideration capped at €7.5 million in cash will be payable subject to the achievement of certain operational targets or achieving target EBITDA.

Note 28 – Related parties and shareholders

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party's making of financial or operational decisions, or if both parties are controlled by the same third party. Also, a party is considered to be related if a member of the key management personnel has the ability to control the other party.

Skywind Holdings Limited ("Skywind"), SafeCharge Limited, Crossrider Technologies Ltd ("Crossrider"), Royalfield Limited, Easydock Investments Ltd. ("Easydock"), Selfmade Holdings, Anise Development Limited and Anise Residential Limited (together "Anise") are related by virtue of a common significant shareholder.

Jean-Pierre Houareau, a long standing industry specialist, who is married to Hilary Stewart-Jones, is the ultimate beneficiary of a trust that owns PT Games Limited, a supplier to the Group, and Niceidea Investments Limited ("Niceidea"), to which the Group advanced a loan of €1.5 million, with a Euribor+3% per annum interest which is repayable on or before July 2019. Jean-Pierre also provides the Group with consultancy services for an annual fee of £150,000. Hillary resigned as a Director on 31 December 2015.

International Terminal Leasing ("ITL") is a joint venture and the structured agreements are associates of the Group by virtue of the Group's significant influence over those arrangements.

Note 28 – Related parties and shareholders continued

The following transactions arose with related parties:

	2015 €'000	2014 €'000
Revenue including revenue from associates		
Skywind	1,562	680
Structured agreements and associates	35,531	21,655
Share of profit (loss) in joint venture	229	(92)
Share of loss in associates	5,856	695
Operating expenses/(credit)		
SafeCharge Limited	6,674	1,599
Skywind, net of capitalised cost	3,438	6,444
Crossrider	2,472	2,079
Structured agreements	1,910	833
Anise	1,174	1,008
Easydock	358	–
PT Games	220	507
Selfmade Holdings	52	–
Glispa	6	–
Royalfield Limited	(272)	(42)
Interest payable		
Niceidea	46	52
The following are year-end balances:		
Intangible assets		
Skywind	1,037	2,043
Cash and cash equivalent		
Safecharge Limited	5,341	–
Niceidea	1,596	1,511
Structured agreements and associates	1,965	–
Total non-current related party receivables	3,561	1,511
Structured agreements and associates	1,435	3,964
Skywind	582	–
Crossrider	266	–
PT Games Limited	8	–
Total current related party receivables	2,291	3,964
SafeCharge Limited	200	400
Skywind	353	666
Crossrider	–	400
PT Games Limited	–	164
Total related party payables	553	1,630

Revenue from related parties was made at an arm's length basis at the Group's usual royalty rate. Operating expenses and interest were charged on an arm's length basis at market price.

In 2014 the Group established an Employee Benefit Trust by acquiring 5,517,241 shares from Brickington Trading Limited ("Brickington"), the Company's largest shareholder, for a total consideration of €48.5 million.

On 31 December 2015, Brickington held 33.61% (31 December 2014: 33.61%) of Playtech plc shares.

Mr. Teddy Sagi, the ultimate beneficiary of a trust that owns Brickington, provides advisory services to the Group for a total annual consideration of €1.

Step by step was acquired during the year as part of Markets acquisition and therefore the comparable amount was removed.

The details of key management compensation (being the remuneration of the Directors) are set out in Note 6.

Notes to the financial statements
continued

Note 29 – Subsidiaries

Details of the Group's principal subsidiaries as at the end of the year are set out below:

Name	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
Playtech Software Limited	British Virgin Islands	100%	Main trading company of the Group, owns the intellectual property rights and licenses the software to customers
OU Playtech (Estonia)	Estonia	100%	Designs, develops and manufactures online software
Techplay Marketing Limited	Israel	100%	Marketing and advertising
Video B Holding Limited	British Virgin Islands	100%	Trading company for the Videobet software, owns the intellectual property rights of Videobet and licenses it to customers
OU Videobet	Estonia	100%	Develops software for fixed odds betting terminals and casino machines (as opposed to online software)
Playtech Bulgaria	Bulgaria	100%	Designs, develops and manufactures online software
PTVB Management Limited	Isle of Man	100%	Management
Evermore Trading Limited	British Virgin Islands	100%	Holding company
Playtech Services (Cyprus) Limited	Cyprus	100%	Activates the ipoker Network in regulated markets. Owns the intellectual property of GTS, Ash and Geneity businesses
VB (Video) Cyprus Limited	Cyprus	100%	Trading company for the Videobet product to Romanian companies
Techplay S.A. Software Limited	Israel	100%	Develops online software
Technology Trading IOM Limited	Isle of Man	100%	Owns the intellectual property rights of Virtue Fusion business
Gaming Technology Solutions Limited	UK	100%	Holding company of VS Gaming and VS Technology
VS Gaming Limited	UK	100%	Develops software and casino games
VS Technology Limited	UK	100%	Develops EdGE platform
Virtue Fusion (Alderney) Limited	Alderney	100%	Online bingo and casino software provider
Virtue Fusion CM Limited	UK	100%	Chat moderation services provider to end users of VF licensees
Playtech Software (Alderney) Limited	Alderney	100%	To hold the company's Alderney Gaming license
Intelligent Gaming Systems Limited	UK	100%	Casino management systems to land based businesses
VF 2011 Limited	Alderney	100%	Holds license in Alderney for online gaming
PT Turnkey Services Limited	British Virgin Islands	100%	Holding company of the Turnkey Services group
PT Turnkey EU Services Limited	Cyprus	100%	Turnkey services for EU online gaming operators
PT Entertenimiento Online EAD	Bulgaria	100%	Poker & Bingo network for Spain
PT Marketing Services Limited	British Virgin Islands	100%	Marketing services to online gaming operators
PT Operational Services Limited	British Virgin Islands	100%	Operational & hosting services to online gaming operators
Tech Hosting Limited	Alderney	100%	Alderney Hosting services
Paragon International Customer Care Limited	British Virgin Island & branch office in the Philippines	100%	English Customer support, chat, fraud, finance, dedicated employees services to parent company
CSMS Limited	Bulgaria	100%	Consulting and online technical support, data mining processing and advertising services to parent company
TCSP Limited	Serbia	100%	Operational services for Serbia
S-Tech Limited	British Virgin Islands & branch office in the Philippines	100%	Live games services to Asia
PT Advisory Services Limited	British Virgin Islands	100%	Holds PT processing Advisory Ltd
PT Processing Advisory Limited	British Virgin Islands	100%	Advisory services for processing & cashier to online gaming operators
PT Processing EU Advisory Limited	Cyprus	100%	Advisory services for processing & cashier for EU online gaming operators
PT Network Management Limited	British Virgin Islands	100%	Manages the ipoker network
Playtech Mobile (Cyprus) Limited	Cyprus	100%	Holds the IP of Mobenga AB
Playtech Holding Sweden AB Limited	Sweden	100%	Holding company of Mobenga AB

Note 29 – Subsidiaries continued

Name	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
Mobenga AB Limited	Sweden	100%	Mobile sportsbook betting platform developer
Ash Gaming Limited	UK	100%	Develops interactive gambling and betting games
Geneity Limited	UK	100%	Develops Sportsbook and Lottery software
Factime Limited	Cyprus	100%	Holding company of Juego
Juego Online EAD	Bulgaria	100%	Gaming operator. Holds a license in Spain
PlayLot Limited	British Virgin Islands	100%	Distributing lottery software
PokerStrategy Ltd.	Gibraltar	100%	Operates poker community business
Videobet Interactive Sweden AB	Sweden	100%	Trading company for the Aristocrat Lotteries VLT's
V.B. Video (Italia) S.r.l.	Italy	100%	Trading company for the Aristocrat Lotteries VLT's
PT Entertainment Services LTD	Antigua	100%	Holding gaming license in the UK
Markets Limited	British Virgin Islands	95.044%	Owns the intellectual property rights and marketing and technology contracts of the financial division
Safecap Limited	Cyprus	95.044%	Primary trading company of the financial division. Licensed investment firm and regulated by Cysec
TradeFXIL limited	Israel	95.044%	Financial division sales, client retention, R&D and marketing
ICCS BG	Bulgaria	95.044%	Financial division back office customer support
Stronglogic Services Limited	Cyprus	95.044%	Maintains the financial division marketing function for EU operations
Yoyo Games Limited	UK	100%	Casual game development technology

Note 30 – Financial instruments and risk management

The Group is exposed to a variety of financial risks, which results from its financing, operating and investing activities. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Group's financial performance and position. The Group's financial instruments are its cash, available-for-sale financial assets, trade receivables, loan receivables, bank borrowings, accounts payable and accrued expenses. The main purpose of these financial instruments is to raise finance for the Group's operation. The Group actively measures, monitors and manages its financial risk exposures by various functions pursuant to the segregation of duties and principals. The risks arising from the Group's financial instruments are credit risk and market price risk, which include interest rate risk, currency risk and equity price risk. The risk management policies employed by the Group to manage these risks are discussed below.

A. Market risk

Market risk changes in line with fluctuations in market prices, such as foreign exchange rates, interest rates, equities and commodities prices. These market prices affect the Group's income or the value of its holding in financial instruments.

Exposure to market risk

In the financial trading division, the Group has exposure to market risk to the extent that it has open positions. The Group's exposure to market risk at any point in time depends primarily on short-term market conditions and client activities during the trading day. The exposure at each reporting date is therefore not considered representative of the market risk exposure faced by the Group over the year.

The Group's exposure to market risk is mainly determined by the clients' open position. The most significant market risk faced by the Group on the CFD products it offers changes in line with market changes and the volume of clients' transactions.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest changes. The management monitors interest rate fluctuations on a continuous basis and acts accordingly.

Where the Group has generated a significant amount of cash, it will invest in higher earning interest deposit accounts. These deposit accounts are short term and the Group is not unduly exposed to market interest rate fluctuations.

During the year the group advanced loans to affiliates and customers for a total amount of €2.3 million (2014: €3.1 million). The average interest on the loans is 5%.

A 1% change in deposit interest rates would impact on the profit before tax by €23 thousands.

Notes to the financial statements
continued

Note 30 – Financial instruments and risk management continued

B. Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date.

The Group closely monitors the activities of its counterparties and controls the access to its intellectual property which enables it to ensure the prompt collection of customers' balances.

The Group's main financial assets are cash and cash equivalents as well as trade and other receivables and represent the Group's maximum exposure to credit risk in connection with its financial assets. Trade and other receivables are carried on the balance sheet net of bad debt provisions estimated by the Directors based on prior year experience and an evaluation of prevailing economic circumstances.

Wherever possible and commercially practical the Group invests cash with major financial institutions that have a rating of at least A- as defined by Standard & Poors. While the majority of money is held in line with the above policy, a small amount is held at various institutions with no rating. The Group also holds small deposits in Cypriot and Spanish financial institutions, as required by the respective gaming regulators that have a rating below A-. The Group holds approximately 2% of its funds (2014: 3%) in financial institutions below A- rate and 3% in payment methods with no rating.

	Total €'000	Financial institutions with A- and above rating €'000	Financial institutions below A- rating and no rating €'000
At 31 December 2015	857,898	813,164	44,734
At 31 December 2014	692,347	674,925	17,422

The Group has no credit risk to clients since all accounts have an automatic margin call, which relates to a guaranteed stop such that the client's maximum loss is covered by the deposit. The Group has risk management and monitoring processes for clients' accounts and this is achieved via margin calling and close-out process.

The ageing of trade receivables that are past due but not impaired can be analysed as follows:

	Total €'000	Not past due €'000	1-2 months overdue €'000	More than 2 months past due €'000
At 31 December 2015	74,632	47,945	12,849	13,838
At 31 December 2014	45,056	30,605	8,423	6,028

The above balances relate to customers with no default history and management estimate full recoverability given the provision below.

A provision for doubtful debtors is included within trade receivables that can be reconciled as follows:

	2015 €'000	2014 €'000
Provision at the beginning of the year	908	932
Charged to income statement	–	–
Utilised	(822)	(24)
Provision at end of year	86	908

Related party receivables included in Note 16 are not past due.

Note 30 – Financial instruments and risk management continued

C. Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

Foreign exchange risk arises because the Group has operations located in various parts of the world. However, the functional currency of those operations is the same as the Group's primary functional currency (Euro) and the Group is not substantially exposed to fluctuations in exchange rates in respect of assets held overseas.

Foreign exchange risk also arises when Group operations are entered into, and when the Group holds cash balances, in currencies denominated in a currency other than the functional currency.

The Group's policy is not to enter into any currency hedging transactions.

D. Equity price risk
The Group's balance sheet is exposed to market risk by way of holding some investments in other companies on a short term basis (Note 14). Variations in market value over the life of these investments have or will have an impact on the balance sheet and the income statement.

The Directors believe that the exposure to market price risk is acceptable in the Group's circumstances.

The Group's balance sheet at 31 December 2015 includes available-for-sale investments with a value of €237.1 million (2014: €24.2 million) which are subject to fluctuations in the underlying share price.

A change of 1% in shares price will have an impact of €23.7 million on the consolidated statement of comprehensive income and the fair value of the available for sale investments will change by the same amount.

E. Capital disclosures
The Group seeks to maintain a capital structure which enables it to continue as a going concern and which supports its business strategy. The Group's capital is provided by equity and debt funding. The Group manages its capital structure through cash flow from operations, returns to shareholders primarily in the form of dividends and the raising or repayment of debt.

F. Liquidity risk
Liquidity risk arises from the Group's management of working capital and the financial charges on its debt instruments.

Financial division liquidity risk
Positions can be closed at any time by clients and can also be closed by the Group, in accordance with the Group's margining rules. If after closing a position a client is in surplus, then the amount owing is repayable on demand by the Group. When client positions are closed, any corresponding positions relating to the hedged position (if applicable) are closed with brokers.

Liquidity risk arises if the Group encounters difficulty in meeting obligations which arise following profitable positions being closed by clients. This risk is managed through the Group holding client funds in separately segregated accounts whereby cash is transferred to or from the segregated accounts on a daily basis to ensure that no material mismatch arises between the aggregate of client deposits and the fair value of open positions, and segregated cash. Through this risk management process, the Group considers liquidity risk to be low.

	2015 €'000
Client deposits	64,875
Open position	(21,114)
Client funds	43,761

Notes to the financial statements
continued

Note 30 – Financial instruments and risk management continued

The following are the contractual maturities (representing undiscounted contractual cash flows) of the Group's financial liabilities:

	Total €'000	Within 1 year €'000	1-2 years €'000	2-5 years €'000
2015				
Trade payables	17,411	17,411	–	–
Other accounts payable	56,055	56,055	–	–
Loans and borrowings	200,000	–	–	200,000
Progressive and other operators' jackpots	63,340	63,340	–	–
Client funds	43,761	43,761	–	–
Contingent consideration	145,838	4,491	141,347	–
Other non-current liabilities	1,175	–	–	1,175
2014				
Trade payables	16,426	16,426	–	–
Other accounts payable	36,812	36,812	–	–
Progressive and other operators' jackpots	57,637	42,367	15,000	–
Client funds	3,195	3,195		
Contingent consideration	2,911	1,823	–	1,088
Other non-current liabilities	1,284	–	–	1,284

G. Total financial assets and liabilities

The fair value together with the carrying amount of the financial assets and liabilities shown in the balance sheet are as follows:

	2015 Fair value €'000	2015 Carrying amount €'000	2014 Fair value €'000	2014 Carrying amount €'000
Cash and cash equivalent	857,898	857,898	692,347	692,347
Available-for-sale investments	237,100	237,100	24,219	24,219
Other assets	123,268	123,268	84,096	84,096
Deferred and contingent consideration	145,838	145,838	2,911	2,911
Convertible bonds	256,429	256,429	247,040	247,040
Loans and borrowings	200,000	200,000	–	–
Other liabilities	102,190	102,190	70,256	70,256

Available for sale investments are measured at fair value using level 1. Refer to Note 14 for further detail. These are the Group's only financial assets and liabilities which are measured at fair value.

Note 31 – Contingent liabilities

As part of the Board's ongoing regulatory compliance process, the Board continues to monitor legal and regulatory developments and their potential impact on the Group.

Management is not aware of any contingencies that may have a significant impact on the financial position of the Group.

Note 32 – Operating lease commitment

The Group has a variety of leased properties. The terms of property leases vary from country to country, although they tend to be tenant repairing with rent reviews every 2 to 5 years and many have break clauses. Total operating lease cost in the year was €13.8 million (2014: €8.9 million).

The total future value of minimum lease payments is due as follows:

	2015 €'000	2014 €'000
Not later than one year	15,846	11,122
Later than one year and not later than five years	44,001	27,738
Later than five years	8,370	9,121
	68,217	47,981

Company balance sheet

As at 31 December 2015

	Notes	2015 €'000	2014 €'000
NON-CURRENT ASSETS			
Property, plant and equipment		109	101
Intangible assets		177	205
Investments	1	211,740	210,332
Available for sale investments	2	160,141	19,811
Other non-current assets		279	213
		372,446	230,662
CURRENT ASSETS			
Trade receivables and other receivables	3	523,095	180,773
Cash and cash equivalents	4	541,321	521,299
		1,064,416	702,072
TOTAL ASSETS		1,436,862	932,734
EQUITY			
Additional paid in capital		638,209	324,774
Available for sale reserve		(7,714)	–
Convertible bond reserve		45,392	45,392
Retained earnings		158,225	271,528
Equity attributable to equity holders of the parent	5	834,112	641,694
NON CURRENT LIABILITIES			
Long-term loan	6	200,000	–
Convertible bond	7	256,429	247,040
		456,429	247,040
CURRENT LIABILITIES			
Trade payables and other payables	8	146,321	44,000
		146,321	44,000
TOTAL EQUITY AND LIABILITIES		1,436,862	932,734

Company statement of changes in equity

For the year ended 31 December 2015

	Additional paid in capital €'000	Available-for-sale reserve €'000	Convertible bond reserve €'000	Retained earnings €'000	Total equity attributable to holders of parent €'000
Balance at 1 January 2015	324,774	–	45,392	271,528	641,694
Changes in equity for the year					
Total comprehensive income for the year	–	(7,714)	–	(28,603)	(36,317)
Dividend paid	–	–	–	(81,805)	(81,805)
Exercise of options	403	–	–	(4,367)	(3,964)
Issue of share capital	313,032	–	–	–	313,032
Employee stock option scheme	–	–	–	1,472	1,472
Balance at 31 December 2015	638,209	(7,714)	45,392	158,225	834,112
Balance at 1 January 2014	323,187	1,578	–	474,847	799,612
Changes in equity for the year					
Total comprehensive income for the year	–	(1,578)	–	(4,427)	(6,005)
Dividend paid	–	–	–	(192,258)	(192,258)
Exercise of options	1,587	–	–	(6,292)	(4,705)
Issue of convertible bond	–	–	45,392	–	45,392
Purchase of share options	–	–	–	(707)	(707)
Employee stock option scheme	–	–	–	365	365
Balance at 31 December 2014	324,774	–	45,392	271,528	641,694

Company statement of cash flows

	2015 €'000	2014 €'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit	(28,603)	(4,427)
Adjustments to reconcile net income to net cash provided by operating activities (see below)	(236,467)	42,282
Net cash provided by operating activities	(265,070)	37,855
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(67)	(45)
Investment in available-for-sale investments	(148,044)	–
Investment in subsidiaries, net of cash acquired	–	(28,369)
Net cash used in investing activities	(148,111)	(28,414)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to the holders of the parent	(81,805)	(192,258)
Purchase of share options	–	(707)
Issue of share capital	313,032	–
Issue of convertible bond	–	291,145
Proceeds from borrowing	200,000	–
Exercise of options	(3,964)	(4,705)
Net cash used in financing activities	427,263	93,475
INCREASE IN CASH AND CASH EQUIVALENTS	14,082	102,916
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	521,299	402,114
Exchange gains on cash and cash equivalents	5,940	16,269
CASH AND CASH EQUIVALENTS AT END OF YEAR	541,321	521,299

	2015 €'000	2014 €'000
ADJUSTMENT TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Income and expenses not affecting operating cash flows:		
Depreciation	59	51
Amortisation	28	28
Movement in deferred and contingent consideration	–	97
Employee stock option plan expenses	85	365
Exchange gains on cash and cash equivalents	(5,940)	(16,269)
Changes in operating assets and liabilities:		
(Increase)/decrease in trade receivables	(342,191)	31,000
(Decrease)/increase in other receivables	(218)	234
Decline in fair value of available-for-sale investment	–	8,668
Interest accrued on convertible bond	9,389	1,287
Increase in trade and other payables	102,321	16,821
	(236,467)	42,282

Notes to the Company financial statements

Note 1 – Investments

	2015 €'000	2014 €'000
Investment in subsidiary undertaking – Cost	211,740	210,332

Details of investments in subsidiary undertakings as at the end of the year are set out below:

Name	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
Playtech Software Limited	British Virgin Islands	100%	Main trading company of the Group, owns the intellectual property rights and licenses the software to customers
Video B Holding Limited	British Virgin Islands	100%	Trading company for the Videobet software, owns the intellectual property rights of Videobet and licenses it to customers
PTVB Management Limited	Isle of Man	100%	Management
Technology Trading IOM Limited	Isle of Man	100%	Owns the intellectual property rights of Virtue Fusion business
PT Turnkey Services Limited	British Virgin Islands	100%	Holding company of the Turnkey Services group
Playtech Holding Sweden AB Limited	Sweden	100%	Holding company of Mobenga AB
PlayLot Limited	British Virgin Islands	100%	Distributing lottery software
Roxwell Investments Limited	Isle of Man	100%	Holds the Employee Benefit Trust
PT Gaming Limited	Isle of Man	100%	Holding company of Factime investments Ltd
Dowie Investments Limited	Isle of Man	100%	Holding company of Markets Limited

Note 2 – Available-for-sale investments

Available for sale investments comprise:

	2015 €'000	2014 €'000
Investment in available-for-sale investments at 1 January	19,811	30,057
Additions	148,044	–
Gains recycled to income statement	–	1,578
Unrealised valuation movement recognised in equity	(7,714)	(1,578)
Decline in fair value recognised in income statement	–	(10,246)
Investment in available-for-sale investments at 31 December	160,141	19,811

All of the available-for-sale assets are equity securities quoted in the UK.

The fair value of quoted investments is based on published market prices.

The maximum exposure to credit risk at the reporting date is the carrying value of the financial assets classified as available-for-sale.

Note 3 – Trade and other receivables

	2015 €'000	2014 €'000
Other receivables	1,077	925
Amounts due from subsidiary undertakings	522,018	179,848
	523,095	180,773

Note 4 – Cash and cash equivalents

	2015 €'000	2014 €'000
Cash at bank	229,781	329,032
Deposits	311,540	192,267
	541,321	521,299

Note 5 – Shareholders' equity

A. Share capital

	2015 Number of shares	2014 Number of shares
Authorised*	N/A	N/A
Issued and paid up	322,624,603	293,492,617

* The Company has no authorised share capital but is authorised under its memorandum and article of association to issue up to 1,000,000,000 shares of no par value.

During the year the company has issued 29,050,000 shares of no par value.

B. Share option exercised

During the year 81,986 (2014: 303,209) share options were exercised. The Company did not cash-settled share options during the year (2014: 113,869 resulting in cash payments of €0.4 million).

C. Distribution of Dividend

In June 2015, the Group distributed €51,171,493 as a final dividend for the year ended 31 December 2014 (17.5 € cents per share).

In October 2015, the Group distributed €30,633,827 as an interim dividend in respect of the period ended 30 June 2015 (12.8 € cents per share).

D. Reserves

The following describes the nature and purpose of each reserve within owner's equity:

Reserve	Description and purpose
Additional paid in capital	Share premium (i.e. amount subscribed for share capital in excess of nominal value)
Available-for-sale reserve	Changes in fair value of available-for-sale investments (Note 14)
Convertible bond option reserve	Amount of proceeds on issue of convertible debt relating to the equity component (i.e. option to convert the debt into share capital)
Retained earnings	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income

Notes to the Company financial statements
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Note 6 – Loans and borrowings

The loan balance as of 31 December 2015 is €200 million. The loan is a revolving credit facility available until July 2018. Interest payable on the loan is based on a margin on Euro Libor rates.

The Company has undrawn committed borrowing facilities available at 31 December 2015 of €40.0 million.

Note 7 – Convertible bonds

On 12 November 2014 the Company issued €297.0 million of senior, unsecured convertible bonds due 2019 and convertible into fully paid Ordinary Shares of Playtech plc (the "Bonds"). The net proceeds of issuing the Bonds, after deducting commissions and other direct costs of issue, totalled €291.1 million.

The Bonds were issued at par and will be redeemed (if not converted before) on 19 November 2019 at their principal amount. The Bonds bear interest at 0.5% per annum, payable annually in arrears on 19 November.

Upon conversion, Bondholders are entitled to receive Ordinary Shares at the conversion price of €10.1325 per Ordinary Share, subject to adjustment in respect of (i) any dividend or distribution by the Company, (ii) a change of control and (iii) customary anti-dilution adjustments for, inter alia, share consolidations, share splits and rights issues.

The fair value of the liability component, included in non-current borrowings, at inception was calculated using a market interest rate for an equivalent instrument without conversion option of 4%.

The fair value of the liability component, which is immateriality different to the amortised cost, of the Bonds (including accrued interest) at 31 December 2015 amounted to €256.4 million (2014: €247.0 million), which was calculated using cash flow projections discounted at 4%.

The fair value at inception of the equity component of the bonds at 31 December 2015 was €45.4 million (2014: €45.4 million).

Note 8 – Trade and other payables

	2015 €'000	2014 €'000
Suppliers and accrued expenses	3,715	4,624
Payroll and related expenses	14,736	8,982
Amounts owed to Group undertakings	127,870	30,394
	146,321	44,000

Five-year financial summary

	2015 €'000	2014 €'000	2013 €'000	2012 €'000	2011 €'000
Income statement					
Total revenues	630.1	457.0	367.2	317.5	207.5
Associate income	–	–	18.1	50.6	36.1
Gross income	630.1	457.0	385.3	368.1	243.6
Adjusted EBITDA	251.9	207.1	159.4	186.7	125.5
Adjusted net profit	205.9	190.8	148.3	168.3	112.8
Balance sheet					
Non-current assets	1,111.9	494.2	470.8	589.2	564.9
Current assets	960.3	759.8	595.2	195.2	216.0
Current liabilities	195.3	105.0	117.6	181.9	120.1
Non-current liabilities	616.2	275.7	27.4	88.4	182.1
Net assets	1,260.7	873.2	921.0	514.2	478.7
Equity					
Additional paid in capital	638.2	324.8	323.2	310.5	307.9
Available-for-sale reserve	2.0	0.8	1.6	17.2	2.0
Employee benefit trust	(27.5)	(36.2)			
Convertible bonds option reserve	45.4	45.4			
Foreign exchange reserve	3.3	–			
Retained earnings	592.1	537.7	596.3	186.4	168.9
Statistics					
Basic adjusted EPS (in euro cents)	67.5	65.9	50.7	58.1	46.2
Diluted adjusted EPS (in euro cents)	67.4	65.6	50.2	57.1	45.7
Ordinary dividend per share (in euro cents)	28.5	26.4	23.2	23.2	16.5
Share price low/high	636p/924p	579p/836.5p	422.5p/761.5p	262.25p/435p	210p/424.75p

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