Playtech plc

("Playtech", the "Company" or the "Group")

Full Year Results

Another year of growth delivering strong financial results

Record total dividend distribution

Playtech (LSE: PTEC) today announces its full year audited results for the year ended 31 December 2013.

Financial highlights

- Revenue up by 16% to €367.2 million (2012: €317.5 million)
- Adjusted EBITDA* excluding share of profit from William Hill Online, up by 17% to €159.4 million (2012: €136.2 million)
- Adjusted net profit* excluding share of profit from William Hill Online, up by 26% to €148.3 million (2012: €117.8 million), reported net profit including the gain on the sale of investment in William Hill Online of €488. 8 million**
- Adjusted basic EPS* excluding share of profit from William Hill Online, up by 25% to 50.7 € cents per share (2012: 40.7 € cents per share)
- Cash balances at year end of €527.4 million (2012: €120.9 million)
- Record total 2013 dividend of approximately €188.5 million (64.3 € cents per share) reflecting a special dividend of £100.0 million to be paid in sterling (equivalent to approximately 34.1 pence per share), interim dividend of €22.8 million (7.8 € cents per share) and a recommended final dividend of €45.2 million (15.4 € cents per share)

* Adjusted EBITDA, Adjusted net profit and Adjusted EPS are 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 (see reconciliation in Financial and Operating Overview below).
** Reported net profit attributable to the owners of the parent €488.6 million.

Trading update

Playtech has made a strong start to 2014, with daily average revenues for the first seven weeks of 2014 up over 15% on Q1 2013 (up over 8% after excluding the acquisition of PokerStrategy) and over 4% on Q4 2013.

Operational highlights

- Successful sale of Playtech's 29% stake in William Hill Online for approximately £424 million (€497 million)
- Playtech signed landmark agreements with Ladbrokes to provide a full product suite and innovative marketing services
    - Ladbrokes launched the Vegas tab, Mobenga, and Geneity sports system and poker in Spain in the second half of 2013, and launched live casino in January 2014
- Acquisition PokerStrategy.com, complementing Playtech's poker offering and PTTS marketing services division
- A number of significant launches including:
    - Mobile live casino on HTML5 with a number of licensees
    - First launch of HTML5 mobile poker, mobile poker native iOS application approved by the French App store
    - Five sports betting companies now launched on Geneity platform, which is gaining strong momentum
    - Unibet launched poker in France
    - Caliente launched poker and casino in Mexico
    - Live casino in Spain being delivered in partnership with Casino Gran Madrid
- Paddy Power migrated its live casino to Playtech including a dedicated facility
- Betfair completed its migration onto the iPoker network, launched poker in Denmark and Italy making the Italian network a nine operator network
- Industry-first roll-out of a unique, multi-channel offering through a seamless integrated retail and online solution
- Soft launch of social gaming platform, Wild Spin Casino, on Facebook
- Won competitive tender to supply casino, poker, bingo on both web and mobile with Holland Casino in preparation of forthcoming regulations in the Netherlands

Alan Jackson, Non-executive Chairman of Playtech, said:

"Playtech has once again delivered an exceptional performance. The Company has focused on deepening its licensee relationships; creating innovative new content; improving its products across web and mobile, and providing its customers with cutting edge products and services. As online gambling continues to develop, it is pleasing to see Playtech's investment in mobile and further product development paying-off.

"I am delighted to announce the payment of a substantial special dividend totalling £100 million in addition to the recommended 15.4 € cents final dividend, bringing the total dividend for 2013 to over €188 million.

"Playtech has further strengthened its position as the world's leading supplier of technology and services for the online gambling industry and the Board looks to the future with confidence and optimism."

- Ends -

The Company will hold a presentation for analysts at 9:30 am at the Lincoln Centre, 18 Lincoln's Inn Fields, London WC2A 3ED.

The presentation will be webcast live and will be accessible via the Playtech website at http://playtech.com/html/page/investors.

The presentation will also be available via a live conference call. To dial in to the presentation:

Dial-in no UK: +44 208 515 2334
Dial-in no US: +1 480 629 9866
Conference ID: 4667993

Replay (available for one week)
Dial-in no: +44 207 959 6720
Conference reference number: 4667993#

An on demand replay will also be available on the Playtech website following the presentation.

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This announcement includes statements that are, or may be deemed to be, "forward-looking statements". By their nature, forward-looking statements involve risk and uncertainty since they relate to future events and circumstances. Actual results may, and often do, differ materially from any forward-looking statements. Any forward-looking statements in this announcement reflect Playtech's view with respect to future events as at the date of this announcement. Save as required by law or by the Listing Rules of the UK Listing Authority, Playtech undertakes no obligation to publicly revise any forward-looking statements in this announcement following any change in its expectations or to reflect events or circumstances after the date of this announcement.

Chairman's statement

In my first presentation as Chairman of Playtech I am delighted to report that the year ending 31 December 2013 was another exceptional period in Playtech's development. One of the most significant highlights was the completion of the sale of our stake in William Hill Online. This transformational transaction delivered a substantial return of over 3.5 times the original investment. Playtech also signed two landmark agreements with Ladbrokes to revolutionise the bookmaker's digital offering until 2017.

The Company has a proven ability to generate value through successful acquisitions, and management is confident that this will continue. The Board, with its advisers, continues to review the most effective use of the Company's cash resources, assessing the potential for further value-enhancing acquisitions, joint ventures and partnerships, particularly focusing on regulated markets.

Playtech is the clear market leader in the provision of software and services to the global online gaming industry. Its offering includes a full product suite, leading-edge management system, full integration across all player interfaces and distribution channels and a broad range of marketing services and techniques that enable licensees to maximise the potential of their online gaming business.

During 2013, a number of additional jurisdictions either became or made significant progress towards becoming regulated markets, creating significant further opportunities for Playtech. Management continues to monitor the evolving regulatory environment closely and will continue to leverage its leading position and establish itself in such regulated markets which make the most commercial sense.

Following high growth in mobile gambling, a key focus for 2013 was the continued development of Playtech's mobile platform, which has propelled the Company to global leader status in the mobile gambling space. We see continued development of our mobile offering as a means to drive our competitive position and to set standards across the industry.

Another rapidly developing market for the Company is sports betting where a significant number of achievements have been made over the period. Sports betting remains a key focus for growth in 2014 and beyond.

Governance and risk management

Playtech is committed to the highest levels of corporate governance. As previously announced on 10 October 2013, Roger Withers retired as Chairman and as a director of Playtech, and I would like to thank Roger for his invaluable leadership since we both joined the Board at the Company's IPO in 2006.

Following the announcement of Roger Withers' intention to retire at the time of the interim results, the Board set about finding a strong, independent non-executive director and was delighted to welcome Hilary Stewart-Jones to the Board effective 10 October 2013. Hilary is a leading international expert in gambling law and has over 15 years' experience advising companies on gambling related issues.

Dividend

In light of the Company's substantial cash assets and following discussions with shareholders, the Board has decided to pay a special dividend of £100 million to be paid in sterling to shareholders on the register on 28 February 2014 and payable on 11 March 2014, as a second interim dividend in respect of the financial year ended 31 December 2013. The ex-dividend date for the special dividend will be 26 February 2014.

In addition, the Board has today recommended a final dividend of 15.4 € cents per share, giving a total 2013 ordinary dividend of 23.2 € cents per share (2012: 23.2 € cents per share), maintaining the level distributed for 2012 as the Board committed to at the time of Playtech's interim results announcement.

Together, the total distribution of ordinary dividends in respect of 2013 and the special dividend equate to a return of capital to shareholders of approximately €188.5 million.

Subject to shareholder approval of the final dividend at the Annual General Meeting, to be held on 21 May 2014, the dividend will be payable on 23 May 2014 to those shareholders on the Company's register as at the record date of 28 February 2014. The ex-dividend date is 26 February 2014.

For any shareholders who elect to receive their final dividend in sterling the conversion exchange rate from euros into sterling will be set on 7 May 2014 and election forms should be returned to the Company's registrars by 2 May 2014.

The Company's dividend policy going forward remains to pay out 40% of adjusted net profit, supported by strong underlying growth in earnings and cash generation.

While there are a number of anticipated regulatory and fiscal developments in our core market place, Playtech's leading position in a global, growing industry means the Board is confident of the Company's prospects both in 2014 and in the longer term. In summary, Playtech has reported another excellent year, and continues to deliver on its clear strategy and strong balance sheet.

Alan Jackson
Chairman
20 February 2014

Chief Executive's review

Overview

In a year of strong growth for Playtech, the Company increased revenue by 16% to €367.2 million and grew adjusted EBITDA by 17% to €159.4 million excluding the share of profits received from William Hill Online, with overall adjusted EBITDA of €177.5 million.

During the period, Playtech expanded its product offering and lines of business, both organically and through acquisitions. The Company also secured a number of important new licensees and further extended its relationships with existing licensees. Landmark agreements were signed with Ladbrokes to supply a full range of software products and to enhance its digital business until 2017.

Importantly, mobile revenues more than tripled as a result of Playtech's investment in mobile technology to create a better player experience, greater visibility of player behaviour as well as increasing developmental tools.

Regulated markets

Regulated markets continue to present significant potential for revenue growth and Playtech is in a prime position to take advantage of global market developments, such as those in the Netherlands, South Africa and Mexico and we remain optimistic for future development in other markets.

While Playtech continued to focus on increasing its regulated markets income, dot.com operators continue to be important to the Company's growth strategy as they provide the cornerstone in soon to be regulated markets.

During the year, Playtech has made significant progress in regulated and soon to be regulated markets including the UK, Italy, France, Spain, Denmark, Latvia, Estonia, Mexico and Puerto Rico amongst others.

In January 2014, Playtech won an exclusive supply agreement with Holland Casino as it moves into online gaming. Holland Casino is expecting to launch Playtech's entire gaming product suite including casino, poker, bingo, mobile and portal once the Dutch market regulates in early 2015. In preparation, Playtech will deliver a play-for-fun offering, which will support Holland Casino's efforts to establish itself in the online space and build an online player base.

Playtech is committed to working closely with regulators and the Company has been co-operating with the Italian regulator, AAMS, in developing a joint programme to manage unlicensed operators to either withdraw from the Italian market in an orderly fashion over the next four months or to obtain a local license and migrate their players. Playtech's commitment to such regulated markets may have a non-material short-term revenue impact. Playtech is making good progress supporting leading operators including SNAI, Sisal and Eurobet, launched new operators during the year and is in active discussion in respect of further significant opportunities.

Management continues to believe that Playtech's commitment to regulated markets and proven track record, positions it as the natural choice for operators in regulated markets. The expected positive regulatory change in various jurisdictions creates significant opportunities for the Company.

Strategic positioning

Playtech's long-term strategy of organic development, joint ventures and targeted acquisitions has enabled it to take advantage of significant opportunities in the global gambling industry. As governments see the implementation of gambling tax and the sale of regulatory licenses as significant revenue potential, there is a continued industry move towards a greater mix of locally regulated markets.

Land-based and digital channels continue to converge as land-based retail operators seek to leverage their brands, offering players the same games on both channels and a seamless playing experience with a single account covering both their retail and digital play.

Playtech is the only company in the gambling industry that offers a fully integrated, multi-channel, multi-platform and multi-product offering as well as a full range of services, including a turnkey solution. The Company is best positioned to become the partner of choice for local and international brands requiring a comprehensive successful gambling operation.

Playtech continues to invest in its market-leading suite of products, while growing the opportunities in sports betting, and the Videobet product. Further opportunities are being created by investing in new and emerging product verticals that will become additional building blocks for future growth such as social and casual gaming, financial betting and virtual sports betting.

Mobile gambling continues to be one of the most significant growth drivers of the global online gambling industry. Playtech's comprehensive offering of technologically advanced solutions is essential to future success. Playtech remains at the forefront of mobile technology and is focused on maintaining its market leading position. The Company is uniquely positioned with the most extensive portfolio of mobile products covering sports, a large library of mobile games, casino and live casino, bingo and poker all offered in native iOS, Android and HTML5 with a mobile hub platform that allows both sports betting and gaming within the same application creating cross product sales opportunities.

Playtech has continued to enhance the player experience including the further development of its market-leading IMS platform to include personalisation capabilities and additional tools for the entire player lifecycle from pre-acquisition through all player activities. Operators now have greater insight into player behaviour and more control over their activities.

Successful implementation of Playtech's strategy has further strengthened its market position, and the Company is increasingly recognised as the leading software and services supplier to the online gambling industry, as evidenced by Playtech winning the Best iGaming Software Provider Award at the International Gaming Awards – for the third year in a row.

Acquisitions

During the year, Playtech acquired PokerStategy, the world’s largest poker affiliate business, bolstering the iPoker network and the services division. Previous acquisitions, including Geneity, Mobenga and Ash Gaming are now fully integrated and delivering significant benefits in terms of revenue, product capability, cross-sell opportunities and licensee relationships. There are significant opportunities for Playtech to provide PokerStrategy services to all existing licensees to further strengthen relationships and to provide the service to other potential licensees, which would increase the appeal of Playtech’s offering.

Given the Company’s cash resources and cash flow, management remains keenly focused on securing the right opportunities for transformational as well as further bolt-on acquisitions and joint ventures in regulated markets. Playtech operates in a dynamic industry and strongly believes it will continue to create additional shareholder value through acquisitions.

Licensees

Playtech aims to provide its licensees with market-leading content, features, tools and a broad range of services that support and enhance their businesses allowing them to maximize their return on marketing investments. The Company’s focus remains on new licensees in regulated markets following prior success in signing new agreements and extending relationships with existing licensees.

In March, Playtech signed landmark agreements with Ladbrokes for the provision of all software verticals along with a marketing services agreement. The Vegas casino tab was launched in July, with the Mobenga mobile sports platform launched in December, Geneity launched in Spain in December and live casino was launched in January 2014, in line with the phased migration plan.

Paddy Power migrated its live casino to Playtech in April, enjoying the benefits of a dedicated facility, which has proved highly successful with Paddy Power customers.

Other UK operators extended their relationships with Playtech, such as Betfair, which launched Playtech’s bingo and migrated over to the iPoker network, and Sky, which launched mobile bingo on iOS.

Bet365 added to its product suite by launching mobile live casino in September and Gala launched a fully customized mobile gaming platform.

Betclick Everest launched a popular new mobile poker version, Unibet launched in France and Playtech launched its live casino offering in Spain together with Casino Grand Madrid.

Playtech continues to be extremely successful in extending its existing licensee relationships to include additional products and services. Importantly, the Company enjoys a very strong pipeline of potential new business as well as the additional opportunities from existing licensees seeking to extend their relationship to include more products and platforms.

Products and services

In 2013, Playtech made a record level of investment into its product offering, extending its capabilities both horizontally and vertically through in-house development as well as through the introduction of acquired products and partnerships. Investment will continue into current and new areas of operations as they develop.

Casino

Playtech's flagship product delivered an outstanding performance in 2013, with revenues increasing 25% from a combination of organic growth, new licensees, expansion of the games portfolio, and growth from mobile and the live dealer offering.

Services

Services grew 5% over 2013, boosted by the acquisition of PokerStrategy whose performance has been in line with management expectations.

Playtech offers unique affiliate marketing services and sophisticated CRM solutions, combined with advanced player management tools, which are of particular interest to new market entrants requiring a full turnkey solution as well as to existing operators wanting to boost their online gambling operations.

Experience in 2013 demonstrated that various well established operators in regulated markets will only join with a strategic partner that can provide best of breed software and support services that can drive their online gambling operation.

Bingo

Playtech provides the industry's leading bingo offering and operates the industry's largest bingo network. Bingo continues to perform well, increasing revenue in the period by 7% on a constant currency basis, driven by new licensees, and the launch of a new tablet-specific version. The roll out of Playtech’s fully customised mobile bingo offering was a step change in bingo strategy as tablets are a commonly used device in many bingo halls and therefore should also appeal to online bingo players.

Playtech's bingo brand, VirtueFusion, has once again won a number of industry awards, including eGaming Review's Bingo Network of the Year, and Bingo Supplier of the year.

Videobet

Videobet enjoyed strong revenue growth of 14% in 2013, and its technology was deployed in an additional 2,800 terminals, further diversifying the licensee base. Videobet has expanded into emerging markets, such as Mexico and Puerto Rico, and these together with additional markets currently in test, provide a solid pipeline for 2014 and beyond. While given the constraints of physical premises, sales cycles of machines are longer than online and the success of Videobet and the increased numbers of terminals deployed has attracted the attention of various slot machine operators in some key markets for the Company.

Sports betting

Sports betting is one of the largest gambling markets and frequently acts as the gateway for players to access other gaming experiences. Sports betting is usually one of the first products to be approved in newly regulated markets. Having acquired Geneity in early 2012, Playtech launched its first five sports betting licensees in 2013, crystallising some of the significant potential for this business. Given the expected impetus from the World Cup in June 2014 and the current sales pipeline, management expect to see significant growth from sports betting over the short to medium term.

Playtech's sports systems are recognised by various well-established operators as the most advanced and sophisticated systems available. The Playtech proposition has unique capabilities allowing operators to deploy a fully integrated sports system in all environments, supporting over-the-counter and Self Service Betting Terminal (SSBT) operations in land-based premises, online sports betting as well as mobile betting activities. The ability to deploy an advanced, fully-integrated, multi-channel, multi-platform sports solution in any jurisdiction is a key strategic advantage for many operators. This creates significant opportunities for Playtech to establish itself as the prime strategic technology partner as operators seek ways to replace legacy systems which in many cases were developed internally.

Poker

The international poker market remains challenging. Playtech is the most appealing and largest leading independent network, attracting well-established operators in core key markets such the UK, Italy and France. During the year, Playtech signed several new licensees including Betfair, which migrated its dot.com and Spanish business onto the iPoker network, and also Ladbrokes which migrated onto iPoker and Unibet which launched in France. The acquisition of PokerStrategy creates new incremental opportunities for attracting new licensees onto the iPoker network.

Mobile

During 2013, the growth of mobile continued to outperform all other product channels, rewarding Playtech's significant investment in the sector. The mobile hub, which combines mobile sports betting and mobile gaming products into one multi-functional, multi-product offering, has now been rolled out to two large licensees offering a seamless mobile player journey.

While Playtech continues to focus on the development of mobile platforms, it is also committed to providing mobile formats for its entire products range and to significantly increasing the number of games available in mobile format. Playtech's mobile betting product has been adopted by the majority of the largest operator licensees. Other mobile products including live casino, bingo and poker were developed with a strong focus on ease of use and feature a number of exciting features available only on mobile devices.

Playtech customises its offering providing customised smartphone and tablet propositions, ensuring that all products are fully integrated to the same management tools and linked to the relevant bingo, poker and casino jackpot pools.

Social and Casual

During the last quarter of 2013, leveraging the expertise provided by the team of developers at Skywind, Playtech soft launched its Wild Spin Casino on Facebook. A full public launch is expected to be made in the coming months. Management believes this is an area of future potential and has assembled a team with strong track records of development to drive this initiative. A capital expenditure budget has been agreed for a period of investment which, the Company believes, will generate significant long-term revenue and EBITDA income.

Similarly casual gaming is complementary to social gaming and a growing and important market for Playtech. The Company intends to make relevant capital investment into this market which has been estimated to be as large as $30 billion on a global basis. The investment in 2014 will generate significant long-term shareholder value.

Live

Playtech's live dealer offering saw revenue growth of 17%, benefitting from organic growth and the acquisition of new licensees. Playtech invested heavily into the product and Live gaming facility providing dedicated services for Paddy Power, winner.com, Betfair and Ladbrokes. As part of Playtech's ongoing investment, a mobile solution for the live casino was developed and offered as native applications and HTML5, ensuring that the player experience and broadcasting capabilities on mobile devices will remain intact. Broadcast was extended to launch a Spanish live casino service from Casino Gran Madrid in accordance with local rules and regulations.

People

Playtech has continued to invest significantly in human resources to maintain its position as the leading supplier of software and services to the online gambling industry by delivering innovative high quality products and services to its clients.

Outlook

Playtech has made a strong start to 2014, with daily average revenues for the first seven weeks of 2014 up over 15% on Q1 2013 (up over 8% after excluding the acquisition of PokerStrategy) and over 4% on Q4 2013.

In summary, while there are anticipated regulatory and fiscal developments ahead, Playtech's position as the leading provider of software and services to the global gaming market means we look forward with confidence to 2014 and beyond. Playtech has reported another excellent year, and continues to capitalise on its clear strategy and strong balance sheet.

Mor Weizer
Chief Executive Officer
20 February 2014

Financial review

Playtech has report another period of strong performance, with revenues increasing by 16% to €367.2 million (2012: €317.5 million) driven by a combination of organic growth, new business wins and the acquisition of PokerStrategy made half-way through the year. As announced in April, Playtech completed a transformational transaction with the sale of its 29% stake in William Hill Online ("WHO"), for a total consideration of €492.5 million delivering a cash-on-cash return of more than 3.5 times the original investment (excluding the benefit of recurring software royalties).

Management is encouraged by the significant growth in adjusted net profit during the year, which was in-line with that earned in 2012, despite the significant difference in WHO share of profit as a result of the sale of Playtech's stake in WHO.

The directors believe that in order to best represent the underlying trading performance and results of the Group, the following cash and non-cash charges should be excluded: professional costs on acquisitions, declines in fair value and gains on sale of available for sale investments, finance costs on deferred consideration, employee stock incentive expenses, one-off costs related to both the admission to a premium listing on the Main Market in 2012 and one-off provisions against irrecoverable cash, amortisation of intangibles on acquisitions, and the gain on the sale of Playtech's stake in WHO. These are all fully set out below and in Note 5 to the financial information.

Adjusted EBITDA for the year, excluding the share of profit from WHO, increased by 17% to €159.4 million (2012: €136.2 million), and adjusted net profit was €148.3 million on the same basis, up 26% on the comparable period (2012: €117.8 million). The percentage increase in adjusted net profit, excluding WHO, is higher than that of adjusted EBITDA, mainly due to financial income generated as a result of sterling/euro exchange rate differences principally related to the significant sterling cash balances held, and further strengthened by interest income and dividends from available for sale investments. This resulted in approximately €10.0 million of additional income in 2013 over that reported in 2012.

The underlying adjusted EBITDA of the Group, which excludes the share of profit of WHO and acquisitions, increased by 12% to €154.7 million (2012: €138.2 million). Underlying adjusted net profit was up 20% to €144.8 million (2012: €120.2 million), also positively impacted by the growth in financial income. It is important to note that all key metrics have been influenced by fluctuations in exchange rates, specifically sterling/euro. On a constant sterling currency basis, underlying revenues increased by 13%, underlying adjusted EBITDA by 14% and underlying adjusted net profit by 17%.

Adjusted earnings per share, excluding the share of profit from WHO, were 50.7 € cents, an increase of 25% over that of last year (2012: 40.7 € cents), and diluted adjusted earnings per share, excluding the share of profit from WHO, were 50.2 € cents, up 26% on 2012 (2012: 40.0 € cents). Adjusted earnings per share ("Adjusted EPS") and adjusted diluted earnings per share were 56.9 € cents and 56.3 € cents respectively, were only marginally down on the prior year (2012: 58.1 € cents, and 57.1 € cents, respectively)

Playtech remains highly cash generative, with high cash conversion from adjusted EBITDA. Cash balances as at 31 December 2013 were €527.4 million (2012: €120.9 million) following receipt of the proceeds from the sale of the Group's 29% stake in WHO, payments of €128.9 million related to acquisitions (2012: €143.1 million), €13.0 million from net purchases/sales of available for sale investments, payment of dividends, and full repayment of all bank borrowings during the period.

Revenues

Year ended €'000	31 Dec 13	31 Dec 12	Change %
Total	**367,206**	317,504	16%
Casino	**189,216**	151,745	25%
Services	**111,116**	106,326	5%
Bingo	**18,464**	17,954	3%
Sport	**17,100**	10,626	61%
Poker	**14,680**	17,840	-18%
Videobet	**12,275**	10,761	14%

Total revenue increased by 16% to €367.2 million (2012: €317.5 million), including a contribution of €13.0 million from PokerStrategy (2012: €nil). Of the increase, 4% was derived from organic growth from existing licensees, partially mitigated by the declining poker market trends, and 7% from new business, defined as new licensees or new products launched in the past 18 months. For comparison purposes, on a constant currency basis, and when excluding the 2012 revenues from services previously provided to WHO by a dedicated team in the Philippines (the "WHO Services"), total revenues increased by 19%, Underlying revenues increased by 15% .

Casino, which remains the biggest revenue line item, representing 52% of total revenues in 2013 (2012: 48%), increased by 25% to €189.2 million (2012: €151.7 million). Of the increase, core casino contributed 14%, live casino contributed 3%, mobile casino 5% and premium content 3%.

Services revenue increased by 5% to €111.1 million (2012: €106.3 million), including a contribution from PokerStrategy from July 2013. On a like for like basis, after also excluding the WHO Services, services revenue was down 3% on last year. Management however are encouraged by the potential opportunities of Playtech's unique services offering becoming an increasingly key differentiator for Playtech.

Reported bingo revenue was up by 3% to €18.5 million (2012: €18.0 million), an increase of 7% at constant exchange rates, driven by the launch of Gala Bingo and the introduction of mobile bingo late in 2012. The bingo product vertical also contributed revenues of €11.3 million relating to casino side games (2012: €10.8 million), reported under the casino line item, reflecting an aggregate 8% of total revenues in 2013.

Sport revenue was €17.1 million (2012: €10.6 million), an increase of 61%, driven by the significant growth of Mobenga mobile sport revenue, reflecting organic growth and additional revenues from the launch of Gala Coral and set up fees. Management expect this product vertical to contribute further growth in 2014, driven by a full year trading for launches made in 2013, including the launch of Mobenga's mobile sports offering with Ladbrokes late in December, the FIFA World Cup, complemented by the launch of further licensees on both the Geneity and Mobenga platforms.

Poker revenue decreased by 18% to €14.7 million (2012: €17.8 million) reflecting the secular weakness of the poker market. Despite these market trends, poker remains an important vertical to the Playtech offering, contributing additional revenues of €6.2 million from casino side games (2012: €7.3 million), reported under the casino line item, reflecting an aggregate 6% of total revenues in 2013.

Videobet revenue increased by 14% to €12.3 million (2012: €10.8 million), mostly due to an additional 2,800 terminals deployed during the year in Puerto Rico, Mexico and the UK, and a 29% increase in IGS revenue, which now accounts for 17% of Videobet revenue. On a constant currency basis, Videobet revenue increased 18%.

Mobile has become a significant driver of Playtech's growth. The mobile channel, which includes Mobenga's mobile sports offering, mobile casino, bingo and poker, increased by over 115% over the comparable year to €29.4 million (2012: €13.7 million). Sport, which was the first vertical where the mobile format was adopted, increased by 61% over last year, enjoying growth from both existing licensees and new business. Mobile casino continues to increase in significance as further mobile casino games are deployed, increasing by 212% to €12.7 million (2012: €4.1 million). While mobile continues to grow, it is still in its infancy and has much potential for future growth.

Adjusted EBITDA and Adjusted EBITDA excluding share of profit from WHO

	2013	2012
	€'000	€'000
EBITDA	**543,756**	181,723
Employee stock option expenses	**1,326**	2,403
Decline in fair value of available for sale investments	**4,127**	-
Admission to premium listing on the main market	**-**	2,098
Professional expenses on acquisitions	**208**	496
Gain on sale of investment in WHO	**(340,819)**	-
Gain on sale of available for sale investments	**(31,088)**	-
Adjusted EBITDA	**177,510**	186,720
Share of profit of WHO	**18,086**	50,553
Adjusted EBITDA excluding share of profit of WHO	**159,424**	136,167
Adjusted EBITDA margin, excluding share of profit of WHO	**43.4%**	42.9%

Adjusted EBITDA margin, excluding the share of profit from WHO, was 43.4% (2012: 42.9%), improved by the acquisition of PokerStrategy. Excluding PokerStrategy and the share of profit from WHO, the adjusted EBITDA margin was 43.1% (2012: 42.9%).

Cost of operations

Adjusted operating expenses, before depreciation and amortisation, increased by 15% to €207.8 million (2012: €181.3 million) mainly related to both additional operating expenses associated with the PokerStrategy acquisition and further growth of the underlying business specifically in the areas of mobile, sports and social and casual gaming, which provide the building blocks for future growth.

Revenue-driven costs are comprised mostly of direct marketing costs related to PTTS affiliate fees, license fees paid to third parties, including games developers and branded content, and are typically calculated as a share of the revenues generated. Revenue driven costs amounted to €37.9 million (2012: €36.2 million) representing 10.3% of revenues (2012: 11.4%).

Employee and outsourcing costs totalled €111.0 million (2012: €99.9 million), net of capitalised development costs of €18.4 million, which represents 14% of these costs (2012: 10%). As indicated earlier this year, the increase in capitalisation is attributed to further significant development in areas such as mobile live, mobile hub, further mobile casino games, mobile poker, in addition to sport. These costs have increased due to both acquisitions undertaken in 2012 and 2013 (Geneity and PokerStrategy respectively), but have slightly improved as a proportion of adjusted non-revenue related costs to 65%. After excluding the impact of acquisitions, employee-related costs increased by 7% as a result of the Group further growing its operations with development of its existing offering, launching projects such as Gala Coral, new products and platforms, such as mobile and sports, creating the building blocks for future growth. Such investment allows the Group to penetrate new markets, facilitate future organic growth, and increase its portfolio of licensees, thereby gaining additional market share and increased revenues.

Cost of service increased mainly as a result of the full year effect of the Skywind agreement entered into during June 2012. The increase in other operational costs was mainly due to professional costs relating to M&A activity and compliance relating to entry into regulated markets.

Playtech remains focused on managing cost inflation across the business.

Analysis of adjusted operating expenses

	2013 €'000		2012 €'000	
Adjusted operating expenses	**207,782**		181,291	
Revenue-driven cost	**37,922**		36,215	
Adjusted operating expenses excluding revenue driven costs	**169,860**		145,076	
Employee related costs	**110,993**	**65.3%**	99,868	68.8%
Administration and office costs	**17,656**	**10.4%**	15,484	10.7%
Travel, exhibition and marketing costs	**8,870**	**5.2%**	6,775	4.7%
Cost of service	**17,434**	**10.3%**	11,720	8.1%
Other operational costs	**14,907**	**8.8%**	11,229	7.7%

Financial income and tax

Financial income was €14.4million (2012: €4.1 million), comprising €5.1 million of dividends received from the investment in AsianLogic Limited (2012: €3.6 million), €6.9 million related to exchange rate differences (2012: €0.4 million cost) mainly attributed to the sterling cash balances held, and €2.4 million from interest received. Financial expenses include €2.9 million related to the outstanding balance on deferred consideration (2012: €44.2 million, as a result of the movement on the outstanding balance of deferred and contingent consideration), a one-off provision of €1.3 million against irrecoverable cash balances relating to the banking collapse in Cyprus during 2013 and bank charges and interest paid of €1.2 million (2012: €3.1 million).

The Group is tax registered, managed and controlled from the Isle of Man, where the corporate tax rate is zero. The Group's subsidiaries are located in other jurisdictions and operate on a cost plus basis, and are taxed on their residual profit.

The tax charge in 2013 was €2.5 million (2012: €2.1 million). The effective tax rate, excluding profits on disposals and the finance costs on deferred consideration was 1.6% (2012: 1.6%).

Net profit and earnings per share

Reported net profit for 2013 attributable to owners of the parent was €488.6 million (2012: €86.8 million). During the year, a profit of €340.8 million was recorded relating to the gain on sale of the investment in WHO (2012: A significant adjustment was made due to the recognition of €39.8 million of finance costs in respect of the movement in fair value on deferred and contingent consideration relating to the acquisition of PTTS, which fulfilled the conditions relating to the acceleration of the additional consideration earlier than originally expected).

Reported EPS for the year were 167.0 € cents based on a weighted average number of shares of 292.6 million (2012: 30.0 € cents, 289.4 million shares). Diluted EPS for the year were 165.3 € cents, based on a weighted average number of shares of 295.6 million (2012: 29.4 € cents, 294.7 million shares).

Adjusted net profit and adjusted earnings per share

	2013 €'000	2012 €'000
Net profit	**488,578**	86,755
Amortisation on acquisitions	**38,196**	26,656
Amortisation of intangibles in William Hill Online	**1,671**	5,729
Finance costs - movement in deferred and contingent consideration	**2,862**	44,184
Employee stock option expenses	**1,326**	2,403
Admission to Premium Listing on the Main Market	**-**	2,098
Professional costs on acquisitions	**208**	496
Decline in fair value of available for sale investments	**4,127**	-

One-off provision against irrecoverable cash	**1,330**	-
Gain on sale of available for sale investments	**(31,088)**	-
Gain on sale of investment in WHO	**(340,819)**	-
Adjusted net profit	**166,391**	168,321
Adjusted basic EPS (in € cents)	**56.9**	58.1
Adjusted diluted EPS (in € cents)	**56.3**	57.1
Share of profit of WHO	**18,086**	50,553
Adjusted net profit excluding share of profit of WHO	**148,305**	117,768
Adjusted basic EPS, excluding share of profit of WHO (in euro cents)	**50.7**	40.7
Adjusted diluted EPS, excluding share of profit of WHO (in euro cents)	**50.2**	40.0

Total amortisation in 2013 was €47.5 million (2012: €35.6 million). Amortisation on acquisitions of €38.2 million (2012: €26.7 million) include amounts relating to the historic acquisition of Tribeca, Virtue Fusion, GTS, PTTS, Ash Gaming and more recently PokerStrategy. Of the remaining €9.3 million (2012: €8.9 million), €6.9 million (2012: €6.8 million) was from internally generated development costs and €2.4 million (2012: €2.1 million) related to other intangibles.

Cash flow

Playtech continues to be a highly cash generative business. Cash as at 31 December 2013 was €527.4 million (31 December 2012: €120.9 million), representing 49% (2012: 15%) of the Group's total assets. The increase is mostly related to the proceeds received from the sale of the Group's 29% stake in WHO, in addition to net proceeds of €13.0 from available for sale investments.

In the year ended 31 December 2013, the Group generated €200.0 million from operating activities (2012: €112.8 million). The cash conversion rate from adjusted EBITDA, excluding WHO, was over 100% (2012: 83%), the improvement being mainly due to advance payments on behalf of operator's poker and casino operations, the timing of collection of receivables outstanding at year end and exchange rate fluctuations.

The Group's cash outflow from investing activities (excluding the dividends received from WHO of €22.2 million and the net proceeds from the sale of investment in WHO) was €171.7 million (2012: €176.3 million), mainly due to acquisition payments of €128.9 million (2012: €143.1 million), of which €70.0 million related to the second and third payments of the PTTS consideration, €15.8 related to the final consideration for the acquisition of Mobenga and €38.3 related to PokerStrategy. In addition, €19.9 million (2012: €14.9 million) related to capitalised development costs, €11.8 million related to a buyout of a reseller agreement and €6.7 million (2012: €2.2 million) related to the acquisition of intangible assets.

Cash outflow from financing activities was €136.5 million (2012: €27.8 million), comprising the repayment of bank borrowings of €69.2 million (2012: €33.8 million) and dividend payments of €67.9 million (2012: €70.4 million). In the comparable period, a draw down of bank borrowings of €75.0 million offset both the dividend payment and the repayment of bank borrowings.

Balance sheet

On 31 December 2013, the Group held cash balances of €527.4 million (31 December 2012: €120.9 million) that included monies held on behalf of operators in respect of operator's jackpot games and poker operations in the amount of €49.0 million (31 December 2012: €32.0 million). Trade receivables were €41.3 million (31 December 2012: €47.8 million).

Intangible assets as at 31 December 2013 were €393.1 million (31 December 2012: €372.4 million), of which €179.2 million comprised assets acquired from PTTS (31 December 2012: €201.1 million), and the remainder relate to assets and associated goodwill from acquisitions including PokerStrategy, Tribeca, GTS, Virtue Fusion, IGS, Mobenga, Ash Gaming, Geneity, and other; patent and other intellectual property rights and development costs of new games and products.

Available for sale investments were €33.7 million (31 December 2012: €35.3 million). During 2013 minority investments in Sportech plc and AsianLogic were disposed of for an aggregate consideration of €39.9 million, and as of 31 December 2013 the Company had an investment balance of €30.1 million related to UK quoted equity securities.

Investments in equity-accounted associates were €1.6 million (31 December 2012: €156.0 million), related to the investment in ITL. The prior year balance also included the investment in WHO, which was sold during the period.

The long and short term deferred consideration balance at 31 December 2013 was €28.6 million (31 December 2012: €113.3 million, included the present value of the accelerated contingent consideration of PTTS) principally relating to the present value of final instalments of the accelerated contingent consideration for PTTS.

The final payment of deferred consideration with respect to the acquisition of PTTS, €28.0 million, was paid in January 2014.

Ladbrokes software and services agreement

In March 2013, the Group entered into a landmark transaction with Ladbrokes plc, which includes two significant agreements covering software licensing and advisory services.

The software license agreement will expand Ladbrokes' existing product agreement, to include licensing of Playtech's full product suite and technology including the IMS back office system to provide the platform for its entire online operations.

As part of the advisory services agreement, Playtech, through its PTTS marketing division, will have significant input in the operational decision making of the Ladbrokes digital business, including proven sophisticated marketing techniques, business intelligence and CRM capabilities over the five year term of the agreement, with a plan to grow the Ladbrokes digital business. Playtech will receive a share of profit based on the EBITDA growth of the Ladbrokes digital business over and above that achieved in the financial year ended 31 December 2012, as adjusted (the "Base EBITDA"). The profit share will be equal to 27.5% of the increase in adjusted EBITDA multiplied by the then EV/EBITDA multiple of the Ladbrokes Group. Interim instalments fall due on the achievement of uplifts in EBITDA of £35 million, £70 million and £100 million in an earlier year. Three-quarters of any share of profit is payable in cash, with the balance payable in Ladbrokes shares. Playtech can elect to receive a greater proportion of the profit share in Ladbrokes shares.

At 31 December 2013 the Group had not incurred any costs of investment and was not entitled to any share of profit.

Acquisition of PokerStrategy.com

On 11 July 2013, the Group acquired PokerStrategy.com Limited and certain subsidiaries, which together operate one of the world's largest poker affiliate businesses, utilising an online poker school and player community to provide professional content in more than a dozen languages, generating income on a revenue-sharing model in respect of players introduced to its clients for a period following player sign-up. Consideration of €38.3 million, subject to working capital adjustments, was made from existing cash resources.

Post balance sheet events

Acquisition of Euro Live Technologies Limited

On 31 January 2014, the Group acquired 100% of the issued share capital of Euro Live Technologies Limited ("Eurolive"), a live casino facility in Latvia, for an initial consideration of €1.0 million and additional consideration of €3.5 million, which will be paid on 31 January 2018 conditional on one of the following occurring: (a) achieving target EBITDA during any calendar year prior to the 31 January 2018; or (b) achieving certain performance targets.

As of the approval date of the financial information by the Board the Group had not completed the valuation of the fair value of the intangible assets and liabilities acquired, and accordingly these disclosures are not provided in the financial statements.

Acquisition of Psi-clone Games Limited

On 3 February 2014, the Group acquired 100% of the issued share capital of Psi-clone Games Limited ("Psi-clone"), a UK based provider of all aspects of game production, including design, art, sounds, profiling and integrating to all major platforms, for an initial cash consideration of £1.0 million (subject to a working capital adjustment). Additional consideration, capped at £1.2 million, will be payable in cash subject to the achievement of certain operational targets.

As of the approval date of the financial information by the Board, the Group had not completed the valuation of the fair value of the intangible assets and liabilities acquired, and accordingly these disclosures are not provided in the financial statements.

Dividend

In October 2013 the Group paid an interim dividend for 2013 of €22.8 million (7.8 € cents per share). The Board has decided to pay a special dividend of £100 million (representing 34.1 pence per share) and has recommended a final dividend of €45.2 million (15.4 € cents per share), the same as that of last year following the Board commitment at the time of the interim results announcement, giving a total 2013 dividend of approximately €188.5 million.

The Company's dividend policy remains to pay out 40% of adjusted net profit, supported by strong underlying growth in earnings and cash generation.

Principal risks and uncertainties

The key risks areas, which will be discussed in our 2013 Annual Report and Accounts are as follows:

§ the regulatory environment;
§ changes in taxation of Group revenue;
§ the competitive landscape;
§ the economic climate;
§ reliance on key personnel; and
§ business continuity and technology risk.

Directors' responsibility statement

We confirm to the best of our knowledge:

1. The Group and Company financial statements, prepared in accordance with IFRSs as adopted by the European Union give a true and fair view of the assets, liabilities, financial position and profit of the Group and Company; and
2. The business review, which is incorporated into the Directors' Report, includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties they face.

The Directors of Playtech plc are listed in the Group's Annual Report and Accounts for the year ended 31 December 2013. A list of current directors is maintained on Playtech's website, www.playtech.com.

By order of the Board,

Mor Weizer
Chief Executive Officer

20 February 2014

Ron Hoffman
Chief Financial Officer

20 February 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

		2013		2012	
	Note	Actual €'000	Adjusted* €'000	Actual €'000	Adjusted* €'000
Revenues	4	367,206	367,206	317,504	317,504
Distribution costs before depreciation and amortisation		(178,965)	(177,903)	(156,658)	(154,841)
Administrative expenses before depreciation and amortisation		(34,478)	(29,879)	(29,630)	(26,450)
Gain on sale of available-for-sale investment	15	31,088	-	-	-
Operating profit before depreciation and amortisation	6	**184,851**	**159,424**	**131,216**	**136,213**
Share of profit of associate	13a	16,415	18,086	44,824	50,553
Amortisation of intangibles in associate	13a	1,671	-	5,729	-
Income from associate	13a	18,086	18,086	50,553	50,553
Gain on sale of share in associate	13a	340,819	-	-	-
EBITDA		**543,756**	**177,510**	**181,769**	**186,766**
Depreciation and amortisation, including amortisation of intangibles in associate		(58,783)	(18,916)	(49,493)	(17,108)
Financing income	7	14,390	14,390	4,096	4,096
Finance cost - movement in deferred and contingent consideration		(2,862)	-	(44,184)	-
Finance cost - other		(2,527)	(1,197)	(3,112)	(3,112)
Total financing cost	7	(5,389)	(1,197)	(47,296)	(3,112)
Share of loss from joint ventures		(2,717)	(2,717)	(46)	(46)
Profit before taxation		**491,257**	**169,070**	**89,030**	**170,596**
Tax expense	8	(2,498)	(2,498)	(2,101)	(2,101)
Profit for the year		**488,759**	**166,572**	**86,929**	**168,495**
Other comprehensive income for the year:					
Items that have been classified to profit or loss:					
Reclassify to profit and loss on sale	15	(31,088)	-	-	-
Change in fair value of available for sale equity instruments	15	15,444	15,444	15,227	15,227
Total items that will be classified to profit or loss		(15,644)	(15,644)	15,227	15,227

	Note				
Total comprehensive income for the year		**473,115**	**150,927**	**102,156**	**183,722**
Profit for the year attributable to:					
Owners of the parent		488,578	166,391	86,755	168,321
Non-controlling interest		181	181	174	174
		488,759	**166,572**	**86,929**	**168,495**
Earnings per share for profit attributable to the owners of the parent during the year:					
Basic (cents)	9	167.0	56.9	30.0	58.1
Diluted (cents)	9	165.3	56.3	29.4	57.1
Total comprehensive income attributable to:					
Owners of the parent		472,934	150,746	101,982	183,548
Non-controlling interest		181	181	174	174
		473,115	**150,927**	**102,156**	**183,722**

* Adjusted numbers relate to certain non-cash and one-off items including amortisation of intangibles on acquisitions, amortisation of intangibles in associate, professional costs on acquisitions, finance costs on acquisitions, costs of admission to a premium listing on the main market, gain on sale of investment in associate and available for sale investments, change in fair value of available for sale investments in the income statement, one-off provision against irrecoverable cash and additional various non-cash charges. The directors believe that the adjusted profit represents more closely the underlying 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 2013

	Additional paid in capital	Available for sale reserve	Retained earnings	Total equity attributable to holders of parent	Non-controlling interest	Total equity
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Balance at 1 January 2012	307,853	1,995	168,891	478,739	(49)	478,690
Changes in equity for the year						
Total comprehensive income for the year	-	15,227	86,755	101,982	174	102,156
Dividend paid	-	-	(70,440)	(70,440)	-	(70,440)
Issue of share capital (net of issue costs)	(41)	-	-	(41)	-	(41)
Exercise of options	3,023	-	-	3,023	-	3,023
Acquisition of non-controlling interest	-	-	(1,616)	(1,616)	-	(1,616)
Purchase of treasury shares	(366)	-	366	-	-	-
Employee stock option scheme	-	-	2,403	2,403	-	2,403
Balance at 31 December 2012	**310,469**	**17,222**	**186,359**	**514,050**	**125**	**514,175**
Balance at 1 January 2013	310,469	17,222	186,359	514,050	125	514,175
Changes in equity for the year						
Total comprehensive	-	(15,644)	488,578	472,934	181	473,115

income for the year						
Dividend paid	-	-	(67,872)	(67,872)	-	(67,872)
Exercise of options	12,718	-	-	12,718	-	12,718
Purchase of share options	-	-	(12,135)	(12,135)	-	(12,135)
Employee stock option scheme			1,326	1,326	-	1,326
Acquisition of minority interest	-	-	-	-	(306)	(306)
Balance at 31 December 2013	**323,187**	**1,578**	**596,256**	**921,021**	**-**	**921,021**

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2013

	Note	2013 €'000	2012 €'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	21,835	20,304
Intangible assets	12	393,121	372,387
Investments in equity accounted associates & joint ventures	13	1,633	156,036
Available for sale investments	15	33,661	35,333
Other non-current assets	16	20,517	5,175
		470,767	**589,235**
CURRENT ASSETS			
Trade receivables	17	41,336	47,784
Other receivables	18	26,475	26,560
Cash and cash equivalents	19	527,394	120,880
		595,205	**195,224**
TOTAL ASSETS		**1,065,972**	**784,459**
EQUITY			
Additional paid in capital		323,187	310,469
Available for sale reserve	15	1,578	17,222
Retained earnings		596,256	186,359
Equity attributable to equity holders of the parent	20	**921,021**	**514,050**
Non-controlling interest		-	125
TOTAL EQUITY		**921,021**	**514,175**
NON CURRENT LIABILITIES			
Loans and borrowings	21	-	31,250
Other non-current liabilities		245	215
Deferred revenues		7,064	9,092
Deferred tax liability	23	5,083	5,232
Deferred consideration	14	-	26,735
Progressive,operators' jackpots and security deposits		15,000	
Contingent consideration	14	-	15,826
		27,392	**88,350**
CURRENT LIABILITIES			
Loans and borrowings	21	-	37,970
Trade payables	22	21,175	14,522
Progressive,operators' jackpots and security deposits		33,544	31,607
Tax liabilities		1,720	1,946
Deferred revenues		4,741	3,679
Deferred consideration	14	28,630	69,749
Other payables	24	27,749	22,461
		117,559	**181,934**
TOTAL EQUITY AND LIABILITIES		**1,065,972**	**784,459**

The financial information was approved by the Board and authorised for issue on 20 February 2014.

Mor Weizer
Chief Executive Officer

Ron Hoffman
Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

	2013 €'000	2012 €'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit after tax	488,759	86,929
Adjustments to reconcile net income to net cash provided by operating activities (see below)	(285,555)	29,041
Income taxes paid	(3,170)	(3,174)
Net cash provided by operating activities	**200,034**	**112,796**
CASH FLOWS FROM INVESTING ACTIVITIES		
Long term deposits and loan advances	(7,789)	(2,393)
Buyout of reseller agreement	(11,847)	-
Dividend received from equity-accounted associate	22,167	47,334
Acquisition of property, plant and equipment	(10,687)	(8,007)
Proceeds from sale of investment in associate	492,528	-
Proceeds from sale of available for sale investments	57,179	-
Return on investment in joint ventures	1,205	1,027
Acquisition of intangible assets	(6,706)	(2,210)
Acquisition of subsidiaries, net of cash acquired	(128,937)	(143,148)
Capitalised development costs	(19,889)	(14,851)
Investment in available for sale investments	(44,190)	(7,730)
Proceeds from sale of property, plant and equipment	262	1,046
Acquisition of minority interest	(306)	-
Net cash provided by/(used in) investing activities	**342,990**	**(128,932)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to the holders of the parent	(67,872)	(70,440)
Purchase of share options	(12,136)	(1,616)
Proceeds from bank borrowings	-	75,000
Repayment of bank borrowings	(69,220)	(33,783)
Exercise of options	12,718	3,023
Net cash used in financing activities	**(136,510)**	**(27,816)**
INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	406,514	(43,952)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	120,880	164,832
CASH AND CASH EQUIVALENTS AT END OF YEAR	**527,394**	**120,880**

	2013 €'000	2012 €'000
ADJUSTMENT TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Income and expenses not affecting operating cash flows:		
Depreciation	9,662	8,118
Amortisation, including amortisation of intangibles in associate	49,121	41,375
Income from associate	(18,086)	(50,553)
Share of loss in joint ventures	2,506	46
Gain on sale of available for sale investments	(31,088)	-
Gain on sale of investment in associate	(340,819)	-
Decline in fair value of available for sale investment	4,127	-
Movement in deferred and contingent consideration	2,864	44,184
Employee stock option plan expenses	1,326	2,403
Income tax expense	2,498	2,101
Other	(71)	74
Changes in operating assets and liabilities:		
Increase/(decrease) in trade receivables	10,340	(17,603)
increase in other receivables	(1,655)	(3,024)
Increase in trade payables	6,998	1,122
Decrease/(increase) in progressive, operators' jackpot and security deposits	16,937	(3,034)
Increase in other payables	751	4,966
Decrease in deferred revenues	(966)	(1,134)
	(285,555)	**29,041**

Acquisition of subsidiary, net of cash acquired

	Note	2013 €'000	2012 €'000
A. Acquisition of Poker Strategy Limited	25a	37,703	-
B. Acquisition of The Nation Traffic assets	25b	4,700	-
C. Acquisition of Geneity Limited	26a	-	18,200
D. Acquisition of Juego Online EAD	26b	-	5,996
E. Acquisition of Intelligent Gaming Systems Limited		734	952
F. Acquisition of PT Turnkey Services Limited		70,000	118,000
G. Acquisition of Mobenga AB Limited		15,800	-
		128,937	**143,148**

NOTE 1 – GENERAL

On 21 June 2012 Playtech plc (the "Company") re-domiciled as a company in the Isle of Man. Prior to this date it was a company domiciled in the British Virgin Islands and was incorporated on 12 September 2002 as an offshore company with limited liability.

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. Playtech's gaming applications – online casino, poker and other P2P games, bingo, mobile, live gaming, land-based kiosk networks, land based terminal and fixed-odds games – 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.

The financial information set out in this document does not constitute the Group's statutory accounts for the year ended 31 December 2013 or 31 December 2012. The annual report and financial statements for the year ended 31 December 2013 were approved by the Board of Directors on 20 February 2014 along with this preliminary announcement. The auditor's report on the statutory accounts for both the year ended 31 December 2013 and 31 December 2012 was unqualified.

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 2013.

Changes in accounting policies
a) New standards, interpretations and amendments effective from 1 January 2013

The following new standards, interpretations and amendments, applied for the first time from 1 January 2013, have had an effect on the financial information:

- IFRS 7 (Amended) – Transfers of Financial Assets (effective for annual periods beginning on or after 1 July 2012);
- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) (effective for annual periods beginning on or after 1 July 2012);
- IFRS 13 Fair Value Measurement (effective for annual periods beginning on or after 1 January 2013);

None of the other new standards, interpretations and amendments effective for the first time from 1 January 2013, which have been adopted in the year effect the financial information.

b) New standards, interpretations and amendments not yet effective

The following new standards, interpretations and amendments, which have not been applied to these financial information, will or may have an effect on the Group's future financial information:

- IFRS 10 Consolidated Financial information (effective for annual periods beginning on or after 1 January 2014);
- IFRS 11 Joint Arrangements (effective for annual periods beginning on or after 1 January 2014);
- IFRS 12 Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2014);
- IAS 27 Separate Financial Statements (effective for annual periods beginning on or after 1 January 2014);
- IAS 28 Investments in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2014);
- Disclosures – Offsetting Financial Assets and Liabilities (Amendments to IFRS 7) (effective for annual periods beginning on or after 1 January 2013); and

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) (effective for annual periods beginning on or after 1 January 2014);

The following new standards, interpretations and amendments, which have not yet been endorsed by the EU, are effective for annual periods beginning on or after 1 January 2013:

- Annual Improvements to IFRS (2009 – 2011 Cycles) (effective for annual periods beginning on or after 1 January 2013);
- Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11, and IFRS 12); and
- IFRS 9 Financial Instruments (effective for annual periods beginning on or after 1 January 2015);

The Group is currently assessing the impact, if any, that these standards will have on the presentation of its consolidated results.

None of the other new standards, interpretations and amendments, which are effective for periods beginning after 1 January 2013 and which have not been adopted early, are expected to have a material effect on the Group's future financial information.

Foreign currency

The financial information of the Company and 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 Group. 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 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.

Basis of consolidation

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial information presents the results of the Company and its subsidiaries ('the Group') as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

Revenue recognition

Revenue represents income receivable from contracting parties comprising a percentage of the revenue generated by the contracting party from use of the Group's intellectual property in online gaming activities and land based gaming operations, and from fees charged for services rendered. Revenue is recognised in the accounting periods in which the gaming transactions occur or the services are rendered. Royalty and other income receivable under fixed–term arrangements are 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.

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 have been 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, leasehold 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 - 20
Building and Leasehold 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.

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	33
Technology IP	20-33
Customer lists	7-12.5
Affiliate contracts	5-12.5
Patents and license	Over the expected useful lives 10-33

Intangible assets identified under the investment in equity accounted associates:

	%
Software	10
Customer relationships	71
Affiliate contracts	52
WH Brands	7
Purchased assets brands	10
Covenant not to compete	20

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
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.

Associates
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 balance sheet at cost. The Group's share of post-acquisition profits and losses is recognised in the consolidated statement of comprehensive income except that losses in excess of the Group's investment in the associate are not recognised 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 as goodwill and included in the carrying amount of the associate. The carrying amount of investment in associate is subject to impairment in the same way as goodwill arising on a business combination described above.

Joint ventures
The Group's investment in a jointly controlled entity is included in the financial information under the equity method of accounting. The group includes the assets it controls, its share of any income and the liabilities and expenses of jointly controlled operations and jointly controlled assets in accordance with the terms of the underlying contractual arrangement.

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 customer, 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.

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.

Changes in fair value are recognised in other comprehensive income and accumulated in the available-for-sale reserve except to the extent that any decrease in value in excess of the credit balance on the available-for-sale reserve, or reversal of such a transaction, is recognised in profit or loss.

Share capital
Ordinary shares are classified as equity and are stated at the proceeds received net of direct issue costs.

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.

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.

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.

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 impairment of goodwill, the recognition and amortisation of development costs and other intangible assets, and the useful life of property, plant and equipment, the fair value of available-for-sale investments, share based payments, legal proceedings and contingent liabilities, determination of fair values of intangible assets acquired in business combinations, income tax, and determination of fair value of contingent consideration.

Estimates and assumptions

Impairment of goodwill
The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. 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.

Fair value of available-for-sale investments
The Group determines the fair value of available-for-sale investments that are not quoted using valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates for future cash flows. In that regard, the derived fair value estimates cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realised immediately.

The methods and assumptions applied, and the valuation techniques used, are disclosed in note 15.

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.

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 32.

Determination of fair value of intangible assets acquired
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 note 25 and 26.

Income taxes
The Group is subject to income tax in jurisdictions in which it is registered and judgment is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the

Group recognises tax liabilities based on estimates of whether additional taxes and interest will be due. The Group believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. More details are included in note 8.

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.

NOTE 4 – SEGMENT INFORMATION

Management considers that the Group's activity as a single source supplier of online gaming solutions constitutes one operating and reporting segment, as defined under IFRS 8.

Management review the performance of the Group by reference to group-wide profit measures and the revenues derived from 6 (2012 – 5) main product groupings:
- Casino
- Services
- Bingo
- Sport
- Poker
- Videobet

The group-wide profit measures are adjusted net profit and adjusted EBITDA (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 product groupings. Accordingly the disclosures below are provided on an entity-wide basis.

Revenue by product

	2013 €'000	**2012 €'000**
Casino	189,216	151,745
Services	111,116	106,326
Bingo	18,464	17,954
Sport	17,100	10,626
Poker	14,680	17,840
Videobet	12,275	10,761
Other	4,355	2,252
Total revenues	367,206	317,504

In the current year, there were two licensees who individually accounted for more than 10% of the total revenue of the group (2012 - three licensees). Revenue from these licensees in the current year totalled €129.5 million (2012 - €162.2 million).

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.

	2013 €'000	2012 * €'000
Gibraltar	88,924	78,739
Antigua	86,271	91,721
Philippines	55,638	48,321
Rest of World	42,844	24,619
Alderney	39,125	36,991
Curacao	28,182	14,822
Italy	14,479	11,562
Malta	11,743	10,729
	367,206	317,504

*Comparable amounts were adjusted in order to better reflect actual segmentation

Geographical analysis of non-current assets

	2013 €'000	2012 €'000
British Virgin Islands	215,742	351,727
Isle of Man	184,937	187,901
Cyprus	28,805	17,889
Sweden	18,791	19,081
Estonia	7,819	7,349
Israel	7,685	1,015
UK	3,508	3,544
Rest of World	3,480	729
	470,767	589,235

NOTE 5 – ADJUSTED ITEMS

The following tables give a full reconciliation between adjusted and actual results:

	2013 €'000	2012 €'000
Distribution costs before depreciation and amortisation- actual	178,965	156,658
Employee stock option expenses	(1,062)	(1,817)
Distribution costs before depreciation and amortisation – adjusted	177,903	154,841
Administrative expenses before depreciation and amortisation – actual	34,478	29,630
Employee stock option expenses	(264)	(586)
Professional fees on acquisitions	(208)	(496)
Decline in fair value of available for sale investment (note 15)	(4,127)	-
Admission to premium listing on main market	-	(2,098)
Total adjusted items	(4,599)	(3,180)
Administrative expenses before depreciation and amortisation – adjusted	29,879	26,450
Depreciation – distribution costs	8,243	6,913
Depreciation – administrative costs	1,419	1,205
Amortisation – distribution costs	9,254	8,990
Depreciation and amortisation – adjusted	18,916	17,108
Amortisation of intangibles on acquisitions – distribution costs	38,196	26,656

Amortisation of intangibles in associate	1,671	5,729
Total depreciation and amortisation including amortisation of intangibles in associate	58,783	49,493

EBITDA	543,756	181,723
Decline in fair value of available for sale investments	4,127	-
Employee stock option expenses	1,326	2,403
Professional fees on acquisitions	208	496
Admission to a premium listing on the main market	-	2,098
Gain on sale of investment in associate	(340,819)	-
Gain on sale of available for sale investments	(31,088)	-
Adjusted EBITDA	177,510	186,720

Profit for the year – attributable to owners of the parent	488,578	86,755
Decline in fair value of available for sale investments	4,127	-
Employee stock option expenses	1,326	2,403
Professional fees on acquisitions	208	496
Admission to a premium listing on the main market	-	2,098
Amortisation of intangibles on acquisitions including amortisation on investment in associate	39,867	32,385
Gain on sale of investment in associate	(340,819)	-
Gain on sale of available for sale investment	(31,088)	-
One-off provision against irrecoverable cash	1,330	-
Movement in deferred and contingent consideration	2,862	44,184
Adjusted profit for the year – attributable to owners of the parent	166,391	168,321

NOTE 6 – OPERATING PROFIT

Operating profit is stated after charging:

	2013 **€'000**	**2012** **€'000**
Directors compensation		
Short term benefits of directors	1,518	1,821
Share based benefits of directors	25	231
Bonuses to executive directors	1,403	392
	2,946	2,444
Auditor's remuneration		
Audit services		
Parent company and Group audit	290	225
Audit of overseas subsidiaries	238	221
Total audit	527	446
Non-audit services		
Other acquisition and assurance services	129	357
Taxation compliance	11	22
	140	379
Development costs (including capitalised development costs of €19.8m (2012 - €14.8m))	44,704	34,657

NOTE 7 – FINANCING INCOME AND COSTS

	2013 €'000	2012 €'000
A. Finance income		
Interest received	2,448	71
Dividend received from available for sale investments	5,058	3,625
Exchange differences	6,884	400
	14,390	4,096
B. Finance cost		
Finance cost – movement in deferred and contingent consideration	(2,862)	(44,184)
One-off provision against irrecoverable cash	(1,330)	-
Bank charges and interest paid	(1,197)	(3,112)
	(5,389)	(47,296)
Net financing expense	9,001	(43,200)

NOTE 8 – TAXATION

	2013 €'000	2012 €'000
Current income tax		
Income tax on profits of subsidiary operations	3,321	3,562
Deferred tax (note 24)	(823)	(1,461)
Total tax charge	2,498	2,101

The tax charge for the year can be reconciled to accounting profit as follows:

	2013 €'000	2012 €'000
Profit before taxation	491,257	89,030
Tax at effective rate in Isle of Man	-	-
Higher rates of current income tax in overseas jurisdictions	2,498	2,101

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 which is the Company's country of incorporation. 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 year.

NOTE 9 – EARNINGS PER SHARE

A. 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:

	2013		2012	
	Actual €'000	**Adjusted €'000**	**Actual €'000**	**Adjusted €'000**
Profit for the year attributable to owners of the parent	488,578	166,391	86,755	168,321
Basic (Cents)	167.0	56.9	30.0	58.1
Diluted (Cents)	165.3	56.3	29.4	57.1

	Number 2013	**Number 2012**
Denominator – basic		
Weighted average number of equity shares	292,618,598	289,416,759
Denominator – diluted		
Weighted average number of equity shares	292,618,598	289,416,759
Weighted average number of option shares	3,010,556	5,296,536
Weighted average number of shares	295,629,154	294,713,295

As at 31 December 2013, out of the entire share options outstanding 10,667 (2012 – 4,616,691) 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:

	2013 €'000	**2012 €'000**
Salaries and employee related costs	121,479	98,973
Employee stock option costs	1,326	2,403
	122,805	101,376
Average number of employees		
Distribution	3,054	2,630
General and administration	207	183
	3,261	2,813

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.

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 USD or GBP, depending on the option grant terms.

During 2012, the Group amended some of the rules of the Plan. The amendments allow the Group, at the option holders consent, to settle fully vested and exercisable options for cash instead of issuing shares. As disclosed in the remuneration report, some of the executive directors during the year received cash instead of shares.

At 31 December 2013, options under these schemes were outstanding over:

	2013 Number	**2012 Number**
Shares vested on 30 November 2008 at an exercise price of $2.5 per share	-	135,734
Shares vested on 30 November 2008 at an exercise price of £1.45 per share	46,366	304,915
Shares vested between 1 December 2006 and 6 February 2009 at an exercise price of $4.50 per share	-	25,000
Shares vested between 1 December 2006 and 6 February 2009 at an exercise price of £2.55 per share	-	410,000
Shares vested between 21 June 2007 and 21 June 2009 at an exercise price of $5.75 per share	7,333	11,000
Shares vested between 21 June 2007 and 21 June 2009 at an exercise price of £3.16 per share	10,000	60,334
Shares vested between 11 December 2007 and 11 December 2009 at an exercise price of $4.35 per share	25,000	25,000
Shares vested between 11 December 2007 and 11 December 2009 at an exercise price of £2.21 per share	22,334	182,668
Shares vested between 16 May 2008 and 16 May 2010 at an exercise price of $7.50 per share	-	20,000
Shares vested between 16 May 2008 and 16 May 2010 at an exercise price of £3.79 per share	20,000	890,000
Shares vested between 18 June 2008 and 18 June 2010 at an exercise price of $7.79 per share	7,667	8,501
Shares vested between 18 June 2008 and 18 June 2010 at an exercise price of £3.96 per share	16,966	97,768
Shares vested between 18 June 2008 and 18 June 2010 at an exercise price of £3.30 per share	-	10,000
Shares vested between 31 December 2008 and 31 December 2010 at an exercise price of $7.68 per share	3,000	18,000
Shares vested between 31 December 2008 and 31 December 2010 at an exercise price of £3.86 per share	12,667	34,000
Shares vested between 10 October 2008 and 10 October 2011 at an exercise price of £3.51 per share	75,000	92,500
Shares vested between 20 November 2008 and 20 November 2011 at an exercise price of $7.19 per share	-	30,000
Shares vested between 31 December 2008 and 31 December 2011 at an exercise price of £3.1725 per share	-	200,000
Shares vested between 25 April 2009 and 25 April 2012 at an exercise price of £4.35 per share	282,500	522,667
Shares vested between 21 May 2009 and 21 May 2012 at an exercise price of £5.31 per share	-	500,000
Shares vested between 28 November 2009 and 28 November 2012 at an exercise price of £3.20 per share	86,194	1,311,786
Shares vested on 22 May 2012 at an exercise price of £4.155 per share	95,000	740,000
Shares vested on 6 November 2012 at an exercise price of £3.7 per share	40,000	870,000
Shares vest between 18 April 2012 and 18 April 2013 at an exercise price of £5.12 per share	196,500	844,000

	2013 Number	2012 Number
Shares vest between 3 June 2012 and 3 June 2013 at an exercise price of £4.84 per share	27,500	220,000
Shares vest between 26 August 2012 and 26 August 2013 at an exercise price of £4.16 per share	107,346	225,780
Shares will vest on 26 August 2013 at an exercise price of £4.16 per share	-	158,642
Shares will vest on 10 March 2014 at an exercise price of £3.5225 per share	1,499,850	1,562,850
Shares will vest on 25 August 2014 at an exercise price of £3.0325 per share	-	100,000
Shares will vest on 16 December 2014 at an exercise price of £2.3 per share	60,000	120,000
Shares will vest on 23 June 2015 at an exercise price of £3.48 per share	380,000	380,000
	3,021,223	**10,111,145**

Total number of shares exercisable as of 31 December 2013 is 1,081,373 (2012 - 7,262,253).

The following table illustrates the number and weighted average exercise prices of shares options for the ESOP.

	2013 Number of options	2012 Number of options	2013 Weighted average exercise price	2012 Weighted average exercise price
Outstanding at the beginning of the year	10,111,145	12,843,596	$4.36, £3.7	$4.58, £3.59
Granted during the year	-	420,000	-	£3.478
Forfeited	(116,922)	(1,538,261)	£3.96	$6.76, £3.74
Exercised	(6,973,000)	(1,614,190)	$4.21, £3.75	$4.44, £2.55
Outstanding at the end of the year	**3,021,223**	**10,111,145**	**$4.36, £3.7**	**$4.36, £3.7**

Included in the number of options exercised during the year is 4,020,462 (2012 – 591,668) where a cash alternative was received.

The weighted average share price at the date of exercise of options was £4.47 (2012 £4.47).

Share options outstanding at the end of the year have the following exercise prices:

Expiry date	Exercise price	2013 Number	2012 Number
Between 25 April 2013 and 31 December 2013	$4.35 and between £3.17 and £5.31	-	357,800
1 December 2015	$2.50 and between £1.45 and £2.32	46,366	440,649
Between 6 February 2016 and 11 December 2016	Between $4.35 and $5.75 and between £1.72 and £3.16	64,667	714,002
Between 15 May 2017 and 31 December 2017	Between $7.19 and $7.79 and between £3.39 and £3.96	135,300	1,200,769
Between 25 April 2018 and 31 December 2018	$4.35 and between £3.17 and £5.31	368,694	2,176,653
Between 22 May 2019 and 6	Between £3.70 and £4.16	135,000	1,610,000

Expiry date	Exercise price	2013 Number	2012 Number
November 2019			
Between 18 April 2020 and 26 August 2020	Between £4.16 and £5.12	331,346	1,448,422
Between 10 March 2021 and 16 December 2021	Between £2.30 and £3.52	1,559,850	1,782,850
21 June 2022	£3.48	380,000	380,000
		3,021,223	**10,111,145**

The fair value of the options granted under the ESOP is estimated as at the date of grant using the Binomial model. The following table gives the assumptions made during the years ended 31 December 2012:

For options granted on 21 June 2012	
Dividend yield	2.95%
Expected volatility	48.88%
Risk free interest rate	1.82%
Weighted average exercise price	£3.4775
Option life years	10

The volatility assumption, measured at the standard deviation of expected share price return, is based on a statistical analysis of daily share price over a period starting from the initial date of flotation through to the grant date.

NOTE 11 – PROPERTY, PLANT AND EQUIPMENT

	Computers and gaming machines	Office furniture and equipment	Motor vehicles	Building and Leasehold improvements	Total
	€'000	**€'000**	**€'000**	**€'000**	**€'000**
Cost					
At 1 January 2012	26,567	1,588	328	6,602	35,085
Additions	5,764	490	96	1,657	8,007
Acquired through business combinations	26	-	-	-	26
Disposals	(1,403)	(97)	(121)	(202)	(1,823)
At 31 December 2012	30,954	1,981	303	8,057	41,295
Accumulated depreciation					
At 1 January 2012	11,933	601	119	884	13,537
Charge	7,350	206	72	490	8,118
Disposals	(352)	(63)	(47)	(202)	(664)
At 31 December 2012	18,931	744	144	1,172	20,991
Net Book Value					
At 31 December 2012	12,023	1,237	159	6,885	20,304

	Computers and gaming machines	Office furniture and equipment	Motor vehicles	Building and Leasehold improvements	Total
	€'000	€'000	€'000	€'000	€'000
Cost					
At 1 January 2013	30,954	1,981	303	8,057	41,295
Additions	9,133	693	143	718	10,687
Acquired through business combinations	187	249	129	134	699
Disposals	(697)	(38)	(84)	-	(819)
At 31 December 2013	39,577	2,885	491	8,909	51,862
Accumulated depreciation					
At 1 January 2013	18,931	744	144	1,172	20,991
Charge	8,481	369	61	751	9,662
Disposals	(517)	(40)	(69)	-	(626)
At 31 December 2013	26,895	1,073	136	1,923	30,027
Net Book Value					
At 31 December 2013	12,682	1,812	355	6,986	21,835

NOTE 12 – INTANGIBLE ASSETS

	Patents, Domain names and license	Technology IP	Development costs	Customer List & Affiliates	Goodwill	Total
	€'000	€'000	€'000	€'000	€'000	€'000
Cost						
As of 1 January 2012	8,941	12,423	34,283	196,957	164,720	417,324
Additions	2,130	-	14,753	-	-	16,883
Assets acquired on previous year business combinations	-			-	178	178
Reclassification	-	2,300	(2,300)	-	-	-
Assets acquired on business combinations	4,514	3,528	-	400	17,329	25,771
Disposals	-	(308)	-	-	-	(308)
As of 31 December 2012	15,585	17,943	46,736	197,357	182,227	459,848
Accumulated amortisation						
As of 1 January 2012	2,693	4,556	14,918	29,956	-	52,123
Provision	935	3,627	6,787	24,297	-	35,646
Disposals		(308)	-	-	-	(308)
As of 31 December 2013	3,628	7,875	21,705	54,253	-	87,461
Net Book Value						
As of 31 December 2013	11,957	10,068	25,031	143,104	182,227	372,387

	Patents, Domain names & License €'000	Technology IP €'000	Development costs €'000	Customer List & Affiliates €'000	Goodwill €'000	Total €'000
Cost						
As of 1 January 2013	15,585	17,943	46,736	197,357	182,227	459,848
Additions	5,406	1,411	19,778	-	-	26,595
Assets acquired on previous years business combinations	-	-	-	-	(98)	(98)
Assets acquired on business combinations	1,585	1,527	-	23,496	15,079	41,687
As of 31 December, 2013	22,576	20,881	66,514	220,853	197,208	528,032
Accumulated amortisation						
As of 1 January 2013	3,628	7,875	21,705	54,253	-	87,461
Provision	3,054	2,471	6,910	35,015	-	47,450
As of 31 December 2013	6,682	10,346	28,615	89,268	-	134,911
Net Book Value						
As of 31 December 2013	15,894	10,535	37,899	131,585	197,208	393,121

Management believes that Domain names, with a carrying value of €0.2 million (2012: €0.2 million) have an indefinite life due to their nature. Amortisation of intangible assets is included in distribution costs.

In accordance with IAS 36, the Group regularly monitors the carrying value of its intangible assets, including goodwill. Goodwill is allocated to 9 (2012 – 8 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, management has concluded that the following CGUs are significant:

- Services, with a carrying value of €98.1m (2012 - €93.4m);
- Casino product, with a carrying value of €27.1m (2012 - €27.1m);
- PokerStrategy, with carrying value of €10.3m; and

The recoverable amounts of all the above CGUs have been determined from value in use calculations based on cash flow projections from formally approved budgets covering a four year period to 31 December 2017. Beyond this period, management has applied an annual growth rate of 2% based on the underlying economic environment in which the CGU operates. Management has applied a discount rate to the cash flow projections of 15.2% (2012 – 15.5%) for Services, Geneity, PokerStrategy and The Nation Traffic and 13% (2012 – 15.5%) for Mobenga.

The results of the review indicated that there was no impairment of goodwill at 31 December 2013. 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 2013.

NOTE 13- INVESTMENTS IN EQUITY ACCOUNTED ASSOCIATES & JOINT VENTURES

	2013 €'000	2012 €'000
Investment in equity accounted associates and joint ventures comprise:		
A. Investment in William Hill Online	-	150,692
B. Investment in International Terminal Leasing	1,633	5,344
	1,633	156,036

A. Investment in William Hill Online
The investment in WH Online was accounted for using the equity method in the consolidated financial information and was recognised initially at cost being the Group's 29% share of the fair value of the total net assets of the associate together with the goodwill on acquisition. In accordance with IAS 28, profits distributed to the Group in proportion of their respective shareholding were recognised as share of profits of associates. Software license royalty fees charged to WH Online have been recognised as revenues in the Group accounts.

On 15 April 2013, William Hill plc exercised its call option to acquire the Group's 29% stake in William Hill Online for a total consideration of €496.5 million (£423.8 million), less working capital adjustment of €4.1m.

The Group's gain on sale of the investment in WH Online was calculated as follows:

	€'000
Sale proceeds	496,466
Less: working capital adjustment	(4,074)
	492,392
Less: directly attributable costs	(3,938)
Less: carrying value of investment	(147,635)
	340,819

B. 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 (hereinafter "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 initial investments of €1.2 million during the year (2012: €0.9 million).

Movements in the carrying value of the investment during the year are as follows:

	€'000
Investment in joint venture at 31 December 2012	5,343
Share of profit in joint venture	(2,506)
Return of initial investment	(1,204)
Investment in joint venture at 31 December 2013	1,633

Aggregated amounts relating to the ITL joint venture are as follows:

	2013 €'000	2012 €'000
Total non-current assets	4,766	24,859
Total current assets	8,547	2,356
Total current liabilities	3,155	614
Revenues	11,555	4,388
Profit	(11,262)	634

C. Ladbrokes software and services agreement

In March 2013, the Group entered into a landmark transaction with Ladbrokes plc, which includes two significant agreements covering software licensing 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. Playtech will receive a share of profit based on the EBITDA performance of the Ladbrokes digital business over and above that achieved in the financial year ended 31 December 2012, as adjusted (the "Base EBITDA"). The profit share will be equal to 27.5% of the increase in adjusted EBITDA multiplied by the then EV/EBITDA multiple of the Ladbrokes Group. Interim installments fall due on the achievement of uplifts in EBITDA of £35 million, £70 million and £100 million in an earlier year. 75% of any share of profit is payable in cash, with the balance payable in Ladbrokes shares. The Group can elect to receive a greater proportion of the profit share in Ladbrokes shares.

At 31 December 2013 the Group had not incurred any costs of investment and was not entitled to any share of profit.

NOTE 14 – DEFERRED AND CONTINGENT CONSIDERATION

	2013 €'000	2012 €'000
Non-current deferred consideration consists:		
Acquisition of PT Turnkey Services Limited	-	26,735
	-	26,735
Current deferred consideration consists:		
Acquisition of PT Turnkey Services Limited	27,911	69,015
Acquisition of Intelligent Gaming Systems Limited	719	734
	28,630	69,749
Non-current contingent consideration consists:		
Acquisition of Intelligent Gaming Systems Limited	-	400
Acquisition of Mobenga AB Limited	-	15,426
	-	15,826

NOTE 15 – AVAILABLE-FOR-SALE INVESTMENTS

	2013 €'000	2012 €'000
Investment in available-for-sale investments at 1 January	35,333	12,376
Additions	44,190	7,730
Disposals	(57,179)	-
Diminution charged to income statement in the year	(19,986)	
Unrealised valuation movement in the year	4,342	15,227
Gains on sale income statement	31,088	-
Decline in fair value of available-for-sale investment transferred to	(4,127)	-

income statement		
Investment in available-for-sale investments at 31 December	33,661	35,333

On disposal of AFS investments in the year, a gain of €31,088,000 was reclassified to profit and loss.

	2013 €'000	2012 €'000
Available-for-sale financial assets include the following:		
Quoted:		
Equity securities – UK	30,057	17,148
Equity securities – Asia	3,604	5,672
Unquoted:		
Equity securities – Asia	-	12,513
	33,661	35,333

The fair value of quoted investments is based on published market prices. The fair value of unquoted investments was based on the dividend income approach. In valuing the investment, management applied a discount rate of 28% to future dividend income, with an annual growth rate of 2%.

The maximum exposure to credit risk at the reporting date is the carrying value of the financial assets classified as available-for-sale.

NOTE 16 – OTHER NON-CURRENT ASSETS

	2013 €'000	2012 €'000
Loan to customer	6,316	221
Loan to affiliate	566	2,255
Rent and car lease deposits	2,260	642
Guarantee for gaming licenses	1,000	-
Buyout of reseller agreement	7,534	-
Other	2,841	2,057
	20,517	5,175

NOTE 17 – TRADE RECEIVABLES

	2013 €'000	2012 €'000
Customers	40,253	45,981
Related parties (note 27)	1,083	1,803
	41,336	47,784

NOTE 18 – OTHER RECEIVABLES

	2013 €'000	2012 €'000
Prepaid expenses	6,273	6,120
VAT and other taxes	2,930	2,064
Short term deposits	5,847	6,490
Advances to suppliers	297	389
Related parties (note 27)	454	6,203
Loan to customer	-	530
Loan to affiliate	400	3,390
Loan to supplier	3,934	-

Buyout of reseller agreement	4,313	-
Other receivables	2,027	1,374
	26,475	26,560

NOTE 19 – CASH AND CASH EQUIVALENTS

	2013 €'000	**2012 €'000**
Cash at bank	131,279	96,473
Deposits	396,115	24,407
	527,394	120,880

The Group held cash balances which include monies held on behalf of operators in respect of operators' jackpot games and poker and casino operations. The balances held at the year-end are set out below and the liability is included in trade payables:

	2013 €'000	**2012 €'000**
Funds attributed to jackpots	16,629	15,339
Security deposits	31,915	16,268
Other	483	430
	49,027	32,037

NOTE 20 – SHAREHOLDERS' EQUITY

A. Share Capital
Share capital is comprised of no par value shares as follows:

	2013 Number of Shares	**2012 Number of Shares**
Authorised	N/A(*)	N/A(*)
Issued and paid up	293,189,408	290,236,870

(*) The Group has no authorised share capital but is authorized under its memorandum and article of association to issue up to 1,000,000,000 shares of no par value.

B. Share options exercised
During the year 2,952,538 (2012 – 1,022,522) share options were exercised. The Group also cash-settled 4,020,462 share options during the period (2012 – 891,668). This resulted in a cash payment of €9.8m (2012 - €1.9m).

C. Distribution of Dividend
In May 2013, the Group distributed €45,044,837 as a final dividend for 2012.
In October 2013, the Group distributed €22,827,018 as an interim dividend for 2013.

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 15)
Retained earnings	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income

NOTE 21 – LOANS AND BORROWINGS

	2013 €'000	2012 €'000
Current bank borrowings	-	37,970
Non-current bank borrowings	-	31,250
	-	69,220

The loan outstanding at 31 December 2012 was fully repaid in May 2013.

The Group has undrawn uncommitted borrowing facilities available at 31 December 2013 of €35.0 million.

NOTE 22 – TRADE PAYABLES

	2013 €'000	2012 €'000
Suppliers	13,887	12,259
Customer liabilities	1,804	1,373
Related parties (Note 27)	1,515	23
Other	3,969	867
	21,175	14,522

NOTE 23 – 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:

	2013 €'000	2012 €'000
At the beginning of the year	5,232	5,287
Arising on the acquisitions during the year (note 25a)	674	1,406
Reversal of temporary differences, recognised in the consolidated statement of comprehensive income	(823)	(1,461)
	5,083	5,232

NOTE 24 – OTHER PAYABLES

	2013 €'000	2012 €'000
Payroll and related expenses	15,125	11,750
Accrued expenses	8,632	7,165
Related parties (note 27)	-	506
Other payables	3,992	3,040
	27,749	22,461

NOTE 25– ACQUISITIONS DURING THE YEAR

A. Acquisition of PokerStrategy

On 11 July 2013, the Group acquired 100% of the shares of PokerStrategy.com Limited and certain of its fellow subsidiaries (hereinafter "PokerStrategy").

PokerStrategy operates one of the world's largest poker affiliate businesses, targeting European markets and utilising an online poker school and player community with the goal to ultimately increase player value.

The Group paid total cash consideration of €38.8 million, including working capital adjustment.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill, which are all provisional, are as follows:

	Book value prior to acquisition €'000	**Adjustments €'000**	**Fair value on acquisition €'000**
Property, plant and equipment	285	-	285
Intangible assets	368	26,608	26,976
Trade receivables	3,892	-	3,892
Other receivables	636	-	636
Cash and cash equivalents	1,049	-	1,049
Trade payables	(1,492)	-	(1,492)
Non-current payables	(1,813)	-	(1,813)
Deferred tax liability	(388)	(674)	(1,062)
Other payables	(52)	-	(52)
Net identified assets	2,485	25,934	28,419
Goodwill			10,333
Fair value of consideration			38,752
Cash purchased			(1,049)
Net cash paid			37,703

Adjustments to fair value include the following:

	Amount €'000	**Amortisation %**
Customer list	23,496	Over 10 years, in line with projected cash flows
Brand	1,585	10
IP Technology	1,527	10
Total intangible assets	26,608	

The main factor leading to the recognition of goodwill is the market participant synergies expected to be created by the combined highly complementary business activities. In accordance with IAS36, the Group will regularly monitor the carrying value of its interest in the PokerStrategy business.

The key assumptions used by management to determine the value in use of the customer list, Brand and IP Technology within PokerStrategy business are as follows:

- The income approach, in particular, the relief of royalty approach was applied for the valuation, considering projected revenues derived from the business.
- The royalty rate was based on a third party market participant assumption for use of the IP Technology, considering market competition, quality, absolute and relative profitability.
- The discount rate assumed is equivalent to the WACC for the the customer relationships, brand and IP Technology.
- The growth rates and attrition rates were based on market analysis.

Since the acquisition date, PokerStrategy contributed €13.0 million to the Group revenues and €5.8 million to the Group profit. The combined Group revenues as if PokerStrategy acquisition had occurred on 1 January 2013 would have been higher by €16.1 million and the Combined Group net profit would have been higher by €8.5 million.

B. Acquisition of assets from The Nation Traffic Ltd.

On 1 August 2013, the Group entered into an asset purchase agreement with The Nation Traffic Ltd. (hereinafter "TNT"). TNT is a provider of marketing services for the online gaming market. In cash consideration the group paid a total of €4.7 million.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill, which are all provisional, are as follows:

	Book value prior to acquisition €'000	Adjustments €'000	Fair value on acquisition €'000
Property, plant and equipment	414	-	414
Other noncurrent receivables	18	-	18
Other receivables	79	-	79
Other payables	(557)	-	(557)
Net identified assets	(46)	-	(46)
Provisional goodwill			4,746
Fair value of consideration			4,700

The main factor leading to the recognition of goodwill is knowhow advantage in the provision of marketing services to the online gaming market. In accordance with IAS36, the Group will regularly monitor the carrying value of its interest in the TNT business.

Management have not disclosed TNT's contribution to the Group profit since the acquisition date nor have they disclosed the impact the acquisition would have had on the Group's revenue and profits if it occurred on 1 January 2013, because the amounts are not material.

NOTE 26 – ACQUISITIONS IN PRIOR YEAR

A. Acquisition of Geneity Limited

On 23 January 2012, the Group acquired 100% of the shares of Geneity Limited (hereinafter "Geneity"). Geneity is a provider of e-gaming software products, focused primarily on the sportsbook and lottery sectors.

The group paid an initial consideration, including working capital adjustment, of €15.1 million (£11.4 million) in cash of which €4.7 million (£4.0 million) is held in escrow for 30 months. A further €4.7 million (£4.0 million) was also being held in escrow and to be released subject to certain agreed deliverables being met. These deliverables were met in September 2012.

B. Acquisition of Juego Online EAD

On 27 December 2012, the Group acquired 100% of the shares of Juego Online EAD (hereinafter "Juego"). Juego is a provider of online gaming services for the Spanish market.

The group paid a consideration, including working capital adjustment, of €10.9 million. €6.2 million was paid in cash and the remaining amount was paid by conversion of prior year loan to Juego's ultimate parent company.

NOTE 27 – 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.

Netplay TV plc, Skywind Holdings Limited ("Skywind"), SafeCharge Limited and Anise Development Limited ("Anise") are related by virtue of a common significant shareholder.

Sportech plc was related by virtue of a common non-executive Director until stepping down from his position in the end of September 2013. DLA Piper UK LLP ("DLA") is related by virtue of a common non-executive Director starting from October 2013. WH Online, Sciplay and International Terming Leasing ("ITL") were or are associates of the Group.

The following transactions arose with related parties:

	2013 €'000	2012 €'000
Revenue including income from associate		
Sportech PLC	1,188	1,311
Skywind	11,585	120
Netplay TV PLC	4,423	3,366
WH Online	26,095	82,806
Share of profit (loss) in joint venture		
ITL	292	155
Sciplay	-	(164)
Operating expenses		
SafeCharge Limited	504	397
Anise	916	538
DLA	56	-
Skywind, net of capiltalised cost	6,547	3,333
Additions to property, plant and equipment		
Anise	-	396
The following are year-end balances:		
Skywind	-	20
Netplay TV PLC	1,083	484
Sportech PLC	-	31
WH Online	-	7,471
Total related party receivables	1,083	8,006
Skywind	1,515	-
Total related party payables	1,515	-
Sportech PLC (note 15b)	-	17,148
Total investment in related party	-	17,148

The details of key management compensation (being the remuneration of the directors) are set out in note 6.

NOTE 28 – 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

Name	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
			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
Genuity Services Limited	British Virgin Island	100%	Holder of investment in WH Online
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
VB CMS OU	Estonia	100%	Develops software for fixed odds betting terminals and casino machines
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 Entretenimiento 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	100%	English Customer support, chat, fraud, finance, dedicated employees services to parent

Name	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
	Philippines		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
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 busiess

NOTE 29 – 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. 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 (2012 - €2.3 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.

As at 31 December 2013 the Group holds undrawn credit facilities of €35.0 million (2012: €35.0 million).

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 A- as defined by Standard & Poors. The Group maintains monthly operational balances with banks that do not meet this credit rating in Israel, Bulgaria, Philippines and Cyprus to meet local salaries and expenses. These balances are kept to a minimum and typically do not exceed €1 million at any time during the monthly payment cycle. Also, the Group holds €113.1 million in financial institutions that have a rating of BBB+ as part of the Group treasury policy. The Group holds approximately 28% of its funds (2012- 14%) in financial institutions below A- rate.

	Total	**Financial institutes with A- and above rating**	**Financial institutes below A- rating**
	€'000	**€'000**	**€'000**
At 31 Dec 2013	527,394	379,669	147,725
At 31 Dec 2012	120,880	84,710	36,170

The ageing of trade receivables that are past due but not impaired can be analyzed as follows:

	Total	**Not past due**	**1-2 months overdue**	**More than 2 months past due**
	€'000	**€'000**	**€'000**	**€'000**
At 31 Dec 2013	41,336	27,602	7,279	6,455
At 31 Dec 2012	47,784	27,840	15,788	4,156

The above balances relate to customers with no default history.

A provision for doubtful debtors is included within trade receivables that can be reconciled as follows:

	2013 **€'000**	**2012** **€'000**
Provision at the beginning of the year	829	1,829
Charged to income statement	1,566	29
Utilised	(1,463)	(1,029)
Provision at end of year	932	829

Related party receivables included in note 17 are not past due.

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 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 15). 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 2013 includes available for sale investments with a value of €33.7 million (2012 - €35.3 million) which are subject to fluctuations in the underlying share price.

A change of 1% in shares price will have an impact of €0.3 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.

The Group had in 2012 net cash and cash equivalents at the balance sheet date of €52.1 million, which included loans and borrowings of €68.8 million. During 2013, the Group has repaid the entire balance of the loans and borrowings.

F. Liquidity risk
Liquidity risk arises from the Group's management of working capital and the financial charges on its debt instruments.

The Group's policy is to ensure that it will have sufficient cash to allow it to meet its liabilities when they become due.

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
2013				
Trade payables	22,546	22,546	-	-
Other accounts payable	26,378	26,378	-	-
Progressive and other operators' jackpots	48,544	33,544	15,000	-
Deferred consideration	28,630	28,630	-	-
Other non-current liabilities	245	-	-	245
2012				
Trade payables	14,522	14,522	-	-
Loans and borrowings	69,220	37,970	31,250	-
Other accounts payable	22,461	22,461	-	-
Progressive and other operators' jackpots	31,607	31,607	-	-
Deferred consideration	98,000	70,000	28,000	-
Contingent consideration	16,950	737	413	15,800
Other non-current liabilities	424	-	-	424

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:

	2013 €'000 Fair Value	2013 €'000 Carrying amount	2012 €'000 Fair Value	2012 €'000 Carrying Amount
Cash and cash equivalent	527,394	527,394	120,880	120,880
Available for sale investments	33,661	33,661	35,333	35,333
Other assets	76,481	76,481	79,619	79,619
Deferred consideration	28,630	28,630	95,750	95,750
Contingent consideration	-	-	16,560	16,560
Loan and Borrowings	-	-	69,220	69,220
Other liabilities	67,777	67,777	56,796	56,796

Available for sale investments are measured at fair value using level 1 and level 3 (unquoted equity securities). All unquoted equity securities were disclosed of during the year. Refer to note 15 for further detail. These are the Group's only financial assets and liabilities which are measured at fair value.

NOTE 30 –POST BALANCE SHEET EVENTS

Acquisition of Psi-clone Games Limited
On 3 February 2014, the Group acquired 100% of the issued share capital of Psi-clone Games Limited ("Psi-clone"),a UK based provider of all aspects of game production, including design, art, sounds, profiling and integrating to all major platforms, for an initial cash consideration of £1.0 million (subject to a working capital adjustment) and additional consideration capped at £1.2 million in cash will be payable subject to the achievement of certain operational targets.

As of the approval date of the financial information by the board the Group had not completed the valuation of the fair value of the intangible assets and liabilities acquired, and accordingly these disclosures are not provided in the financial statements.

Acquisition of Euro live Technologies Limited
On 31 January 2014, the Group acquired 100% of the issued share capital of Euro Live Technologies Limited ("Eurolive"), a live game provider in Europe, for an initial consideration of €1.0 million and additional consideration of €3.5 million which shall be paid on 31 January 2018 conditional on one of

the following occurring: (a) achieving target EBITDA during any calendar year prior to the 31 January 2018; or (b) achieving certain performance targets.
As of the approval date of the financial information by the board the Group had not completed the valuation of the fair value of the intangible assets and liabilities acquired, and accordingly these disclosures are not provided in the financial statements.

NOTE 31 – CONTINGENT LIABILITIES

The Group is not a gaming operator and does not provide gaming services to players. 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 within rent reviews every 2 to 5 years and many have break clauses.

The total future value of minimum lease payments is due as follows:

	2013 €'000	**2012 €'000**
Not later than one year	7,831	5,246
Later than one year and not later than five years	21,985	13,380
Later than five years	7,574	10,184
	37,390	28,810