Playtech plc

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

Full Year Results

Record financial results, momentum continues into 2015

Playtech (LSE: PTEC) today announces its full year audited results for the year ended 31 December 2014.

Financial highlights

- Revenue up 24% to record €457.0 million (2013: €367.2 million)
- Adjusted EBITDA* up 30% to record €207.1 million (2013: €159.4 million)
- Adjusted net profit* attributable to the owners of the parent up 29% to €190.8 million (2013: €148.3 million)
- Reported net profit attributable to the owners of the parent €140.3 million (2013: €488.6 million)
- Adjusted basic EPS* up 28% to 65.0 € cents per share (2013: 50.7 € cents per share)
- Cash balances at year end of €692.3 million (2013: €527.4 million)
- Recommended final dividend of 17.5 € cents (2013: 15.4 € cents), giving a total 2014 dividend of 26.4 € cents (2013: 23.2 € cents)

* Adjusted numbers are calculated after adding back certain non-cash charges, cash expenses relating to professional costs on acquisitions, gains on sale of investments, share of profit from WHO in 2013, non-cash accrued interest in respect of the convertible bond and certain one-off charges (see reconciliation in Financial and Operating Overview below).

Trading update

Playtech has continued momentum with a strong start to 2015, with daily average revenues for the first eight weeks of the year up over 22% on Q1 2014 and up over 5% on Q4 2014, including some benefit from current euro weakness.

Operational highlights

- Completion of Ladbrokes migration to Playtech's full product suite and IMS infrastructure
- Industry-first roll-out of a unique, single log-in omni-channel solution to Coral betting shops
- Signed agreement with Holland Casino for the provision of casino, Live, bingo and poker ahead of forthcoming regulations in the Netherlands, following a competitive tender
- Structured agreements signed and launched with Caliente in Mexico and RCS Media in Italy, and a turnkey solution for Trinity Mirror in the UK
- Acquisition of Aristocrat Lotteries ("Aristocrat"), creating the world's largest VLT software business
- Acquired a 33.3% stake in BGO, gaining access to a game design studio enabling the creation of new content for Playtech's software platform
- A number of significant launches including:
    - Ladbrokes: Live; Spain and Belgium including sports; as well as Denmark
    - Gala interactive in Sweden
    - Mobile poker in France
    - Innovative Live offerings for Skybet and RAY
    - Launch of new BIT solution
- Post year-end, acquired Yoyo Games Limited in line with stated casual games strategy.

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

"Playtech has continued to deliver exceptional performance by focusing on consolidating its position as the world's leading software and services provider to the online gambling industry. By expanding its licensee relationships; creating innovative new content; enhancing its products; and deepening its customer focus, the business has continued to thrive.

"The continued momentum of 2014 has been maintained in the first two months of 2015 and the Board looks to the future with confidence and optimism."

– Ends –

The Company will hold a presentation for analysts at 11:30 am at: etc.venues St Pauls, 200 Aldersgate, London, EC1A 4HD.

The presentation will be webcast live and will be accessible via the Playtech website at http://playtech.com/html/page/investors. It will also be available via a live conference call. To dial in to the presentation:

Dial-in no UK: +44 20 3059 8125
Dial-in no US: +1 (866) 796 1569

Replay (available for one week)
Dial-in no: +44 121 260 4861
Dial-in no: +1 (866) 268 1947
PIN: 0218240#

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

For further information contact:

Playtech plc Mor Weizer, CEO Ron Hoffman, CFO c/o Bell Pottinger	+44 (0)20 3772 2500
Bell Pottinger David Rydell / Olly Scott / David Bass / James Newman	+44 (0)20 3772 2500

Forward looking statements

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

For the year ended 31 December 2014, Playtech again achieved an exceptional performance, with total revenues up 24% to €457.0 million and Adjusted EBITDA increasing 30% to €207.1 million, demonstrating further progress in executing our proven strategy.

The Group continues to be highly cash generative, driving progress through strong organic growth, successful acquisitions, strategic partnerships and joint ventures, as demonstrated throughout this year. Playtech's impressive results have been achieved through the continued growth of its flagship casino product; PTTS services division; strong growth in sport as well as expansion of our mobile and land-based offerings. It is also pleasing to see a progressive improvement in the proportion of revenues generated from regulated markets. The industry is in the midst of a transition towards regulation and the Group is ideally placed to continue taking advantage of this trend.

In order to better position the business for future opportunities the Group successfully issued a convertible bond in November, which was oversubscribed. The Board remains focused on the most effective use of the Group's cash resources, including the potential for further strategic activity. The focus here remains that of growing Playtech's presence in regulated and soon-to-be regulated markets, via bolt-on or more strategic acquisitions and partnerships.

Governance

Playtech is committed to the highest levels of corporate governance and has strengthened its regulatory and internal audit teams with senior management appointments, while appointing Hilary Stewart-Jones as Deputy Chairman at the beginning of December.

Dividend

In line with the Company's dividend policy of distributing 40% of adjusted net profit, the Board has recommended a final dividend of 17.5 € cents per share, giving a total ordinary dividend of 26.4 € cents per share for 2014 (2013: 23.2 € cents per share), an increase of 13.8%.

Subject to shareholder approval of the final dividend at the Annual General Meeting, to be held on 20 May 2015, the dividend will be payable on 5 June 2015 to those shareholders on the Company's register as at the record date of 8 May 2015. The ex-dividend date is 6 May 2015.

For any shareholders who elect to receive their dividends in sterling, the conversion exchange rate from euros into sterling will be set on 8 May 2015 and election forms should be returned to the Company's registrars by 15 May 2015.

Outlook

In summary, this is another very strong financial performance by the Group which continues to deliver on its strategy and market-leading offering, supported by a strong balance sheet.

The Board continues to evaluate the potential for further value-enhancing acquisitions, joint ventures and partnerships, focusing on regulated markets, evaluating these against the possibility of a return of capital to shareholders. Playtech has a proven ability of generating value through successful acquisitions and management is confident that this will continue.

While there are anticipated changes in our markets, Playtech's diversity and position within a global, growing industry, gives the Board confidence of the Group's prospects both in 2015 and beyond.

Alan Jackson
Chairman
26 February 2015

Chief Executive's review

Overview

In 2014, Playtech continued to make excellent operational progress in key areas such as casino, sport, mobile, land-based and services. Additionally, the Group introduced and deployed a true omni-channel solution, all products, in all formats, on all platforms, across all channels, integrating retail, web and mobile channels for the first time in the industry. This approach is an evolution of the multi-channel offering that enables customers to deliver a seamless consumer experience through all available distribution channels including computers, mobile internet devices and bricks-and-mortar. The Board strongly believes this approach will become the standard for retail and online operators alike.

The Group's first deployment of its new omni-channel solution, for Coral, exemplifies its offer to licensees, delivering a single customer log-in and the ultimate customer journey across retail, web and mobile. Additionally it maximises profitability through full visibility across all delivery channels and an enhanced customer experience.

In line with its strategy, Playtech continued to diversify its business by supporting its licensees as they expand into new markets; extending into additional regulated and soon-to-be regulated markets with new and existing licensees; signing additional structured agreements with licensees that have great future potential; and extended into a new vertical – casual gaming – by establishing Plamee, a games development studio.

Playtech's mobile strategy places portable devices at the heart of the Company's research and development activities given mobile is rapidly becoming the natural choice for players. Mobile revenues continued to grow strongly, reflecting Playtech's investment in mobile technology, which coincides with players embracing the greater convenience of mobile gambling.

As management has stated previously, the ability to offer a comprehensive sportsbook has long been a significant milestone in unlocking additional growth opportunities with new and existing licensees. Having delivered a highly competitive sport offering, integrated with the IMS, the Group has seen revenues from this vertical of the business grow substantially, and it has been instrumental to winning high profile new structured agreements in Mexico and Italy. Sport remains a catalyst for Playtech's future success.

Regulated markets

Playtech continued to improve future regulated markets revenue, starting the year by signing Holland Casino in preparation for regulation of the Dutch market. In addition, the Group completed the migration of Ladbrokes onto its platform, whilst also expanding Ladbrokes in to Spain, Belgium and Denmark. Bet365 extended its activities with Playtech in Italy; the Group launched Skybet with casino and Live; and also provided Live to RAY. Additionally, Playtech signed a turnkey solution agreement with Trinity Mirror and significant structured agreements with Caliente and RCS Media for the Mexican and Italian markets respectively.

Regulated, regulating and soon-to-be regulated markets continue to present significant opportunities for revenue growth and Playtech is ideally positioned to benefit from global market trends and specifically developments in Europe, Africa and Asia. The Board continues to believe that its strategic commitment to, and proven track record in, regulated markets makes Playtech the natural choice for operators in regulated and soon-to-be regulated markets.

In 2014 regulated markets represented 36% of revenue (2013: 35%) and grew faster than dot.com activities. While Playtech made significant progress in regulated markets, dot.com operators remain an important part of the Group's future progress as those markets continue to grow and move toward regulation.

Strategic update

Playtech's long-term strategy of organic growth, and developing new business opportunities and joint ventures supported by targeted acquisitions, has for many years driven the Company's performance, benefitting from the significant opportunities in the global gambling industry. In 2014 this strategy continued to drive growth with Playtech winning substantial new business from new and existing licensees in addition to strong like-for-like growth.

Management continues to focus on accelerating this growth using the Company's significant cash resources and cash flow to identify and secure strategic opportunities that can drive additional growth and create shareholder value.

Playtech continued to invest in its market-leading offering, both organically and via a number of smaller strategic acquisitions to bolster its flagship casino, sport and retail offerings. In acquiring the Aristocrat business in September, Playtech became the world's largest supplier of VLT software, and will look to create further opportunities by investing in new and emerging product verticals that will create the foundations for future growth.

Our unique omni-channel solution, combined with our leading sport offering, is attracting much attention from new and existing operators who are keen to adopt this market-leading technology. It will enable them to extend their operations beyond retail to online, as markets regulate across different continents; significantly enhancing the service they provide customers by enhancing the customer journey and meeting changing regulatory demands. While best of breed products are important ingredients of this solution, we now take a holistic view that extends beyond channels, platforms or products focusing on delivering an offering that will create the ultimate player journey. As part of this development, Playtech rolled out its landmark *BIT Solution*, a package of cutting-edge data-driven performance-enhancing tools, which combine and boost the power of the IMS platform. This flexible tool set consists of: Playtech Optimiser; Game Adviser; Playtech Analytics; BI Reporting; and Smart Installer. It enables new levels of insight and personalisation of the entire player lifecycle, from pre-acquisition through to all player activities. Consequently, operators now have greater player intelligence and increased control over their activities.

Early in 2014, Playtech established Plamee, a new casual games development studio with the intention of penetrating the lucrative and rapidly growing casual gaming market. The studio's first game rolled out early in 2015 and is now available on different social networks including Facebook and mail.ru. Additional games are expected to be rolled out later in 2015. The new initiative is the first element of our unique three pronged strategy that includes internal casual games development capabilities, casual games development platforms and technology as well as publishing and online marketing capabilities supporting marketing of both internally developed and third party games.

Casino

Playtech's flagship casino product was a key driver of growth throughout the year, with revenue increasing 29% and beating 2013's performance. This was driven by a combination of organic growth and new licensees, including Ladbrokes; the expansion of the games portfolio; and growth from the mobile and Live offerings.

Agreements already in place with Sky Bet, Trinity Mirror, Caliente and Holland Casino, along with proposed changes in the Spanish market are enabling Playtech to secure future casino growth, while the continued regulation of additional markets will provide further opportunities over a longer time horizon.

Services

Services revenue was 20% higher than 2013 and Playtech's unique offering remains a significant competitive advantage to existing betting and gaming operators and for companies with an understanding of local markets, such as media groups wanting to take advantage of regulatory changes and newly regulating markets across Europe, South America, Africa and elsewhere.

The ability to successfully operate an online gambling operation requires three elements: a strong brand to build trust with the consumer; best-in-class technology; and the know-how, expertise and unique capabilities necessary to efficiently monetise and retain players to drive player value. These skills differ significantly from those used by operators of existing land-based businesses and are totally different in the case of media groups. Playtech's unique ability to meet the technological and operational needs of these customers makes it a natural partner.

Experience shows that the largest operators in regulated markets or soon-to-be regulated markets look for a strategic partner that can supply the technology, marketing expertise 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. In 2014 two new structured agreements incorporating significant services elements were signed with Caliente in Mexico, RCS Media in Italy and a turnkey solution for Trinity Mirror in the UK. Further such agreements are expected.

Sport

This year has been one of significant progress for Playtech's sport offering: firstly in rolling out the unique omni-channel offering that supports the convergence of retail, web and mobile; the acquisition of a retail sports betting supplier, giving Playtech a unique A-to-Z sport offering of retail, online and mobile; rolling out the Playtech sport platform for Ladbrokes in Spain and Belgium; securing additional growth opportunities in Mexico and Italy; and demonstrating the platform's robust performance having successfully traded through an entire calendar of sports events, including the football World Cup.

Sports betting is one of the largest elements of gambling worldwide and frequently acts as a gateway for players to access other gaming experiences. It is also usually one of the first products to be approved in newly regulated markets. Sport revenue increased 54% in 2014 and is expected to continue growing strongly, benefitting from operators launched during 2014 and from a strong pipeline of potential licensees that are keen to revamp their legacy systems with a new integrated retail, web and mobile solution, provided the Playtech.

Bingo

Playtech gained a number of new licensees over 2014, including Trinity Mirror, Ladbrokes in Spain and Paddy Power in Italy. As expected, bingo on mobile devices was up on the previous year and in time is expected to become the predominant bingo format as more players transacted through mobile devices in 2014 – including the Company's new tablet version. While Playtech continues to operate the industry's largest bingo network – working with its licensees to create market-leading promotions to further improve the player experience across all distribution channels – the industry remains in a state of transition, as indicated at the interim results.

A revamped bingo product offering a new, more appealing, experience to players is currently under test and initial feedback from operators is very pleasing. The new product offers a feature-rich user interface, customised for different channels including web, smartphones and tablet devices.

Land-based

Playtech's land-based vertical enjoyed revenue growth of 35% over 2014, benefitting from the acquisition of Aristocrat, which further diversified revenues supplying 6,700 terminals in two fully regulated markets. The Company also acquired a retail sport offering, which while currently modest, is expected to form the base for significant future opportunities. Sales cycles of gaming machines are longer than online and trials are running in two other key markets, giving a strong potential pipeline for 2015 and beyond.

The trend continues for existing online customers to enquire about extending their relationship to create a seamless player offering, using a single user name and password, giving a familiar experience and the same content across channels.

The acquisition of the Psiclone games studio brought immediate revenue growth from its existing and new market-leading gaming content.

Poker

While Playtech continued to invest in its leading independent iPoker® network and welcomed a number of new licensees, the broader decline in the market was not fully mitigated. Playtech's innovative rake distribution structure is now being rolled out and the Company expects further innovation to encourage operators to invest in poker and therefore improve the ecology of the poker market.

Poker remains a small, but important, element of Playtech's overall offering being one of the first gaming formats currently to be regulated – and in some markets the only gaming product allowed. It also remains an incremental product for licensees who are keen to provide a full offering to their customers.

Mobile

Playtech's market-leading mobile offering uniquely positions it to benefit from one of the global online gambling industry's most significant growth drivers as it offers the largest portfolio of mobile games; the most extensive pipeline of new games for all channels; and a hub that incorporates all of those alongside sports and other betting and gaming products, supporting their growth through cross selling opportunities.

Over 2014, revenue from Playtech's mobile channel increased 64%, reflecting investment into new technology, greater marketing investment by operators and a greater acceptance by players. The Company's mobile hub remains the pre-eminent platform for a seamless mobile player journey, which remains central to the success of licensees. Playtech's mobile proposition is customised for specific smartphone and tablet models and can be adapted over time as player trends emerge – typically mobile sessions are more frequent but shorter; and in aggregate players engage for a longer period of time.

During 2014 the Company continued with its mobile-first approach and invested heavily into this channel further developing its mobile development framework which enables the Company to simultaneously roll out games across HTML5 for web as well as native iOS and Android, supporting all mobile devices and tablets. This framework allows the Company to release existing games on to mobile platforms and enables the release of an increased number of new games across all channels going forward. In increasingly competitive markets, operators can leverage marketing the release of games across all channels at the same time, rather than offering different games on different channels or alternatively release the games at different times without harming the return on marketing spend.

Casual and Social

Playtech's casual gaming strategy is unique and intended to create a comprehensive development environment in which the Company will have its own games creation capabilities; an open platform supporting third party games developers; and publishing capabilities enabling the Company to mass market games developed internally as well as those developed by third parties.

An internally developed resource, Plamee was the first element of this strategy to be delivered and it has a pipeline of highly sophisticated 2D and 3D games, some of which are already live or in advanced testing. Recently acquired Yoyo is a leading development platform, providing the Company with access to more than 750,000 games development partners through its software development kit. Management is looking into other businesses that can bolster this new offering and grow Playtech's presence and competence in both casual and social gaming.

These transactions complement Playtech's experienced management team and can act as gateway into soon-to-be regulated markets. Management continues to believe that this is an area of future potential that can generate significant long-term shareholder value.

People

Playtech has continued to invest in human resources to maintain its position as the leading supplier of software and services to the online gambling industry. Our people are the single most important facet of the business and vital to our current and future success. Only by developing our people to realise their true potential can we progress as a business and maintain our market-leading position.

Trading update

Playtech has continued momentum with a strong start to 2015, with daily average revenues for the first eight weeks of the year up over 22% on Q1 2014 and up over 5% on Q4 2014, including some benefit from current euro weakness.

In summary, over 2014 Playtech built on its position as the leading provider of software and services to the global gambling market, adding products and services that will help secure future opportunities. Playtech will continues to capitalise on its clear strategy and strong balance sheet and while there are anticipated regulatory developments ahead, management looks forward with confidence to 2015 and beyond.

Mor Weizer
Chief Executive Officer
26 February 2015

Financial review

In a year in which the Group continued to make strong operational performance, Playtech yet again delivered an exceptional financial performance. Total revenue increased by 24% to €457.0 million (2013: €367.2 million) driven by a combination of strong organic growth, new business wins and bolt-on acquisitions made in the last 24 months. Adjusted EBITDA for the year increased by an impressive 30% to €207.1 million (2013: €159.4 million) reflecting improved margins in the ongoing business and management's continued focus on cost inflation across the Group. Adjusted EBITDA growth is also aligned to the growth in adjusted profit, which was €190.8 million, up 29% on the comparable period (2013: €148.3 million).

The Directors believe that in order to best represent the Group's consistent trading performance and results, certain charges should be excluded in arriving at Adjusted figures, including: professional costs on acquisitions; declines in fair value and sale of available-for-sale investments; finance costs on deferred consideration; income from associates; employee stock incentive expenses; non-cash accrued interest in respect of the convertible bond; and amortisation of intangibles on acquisitions. A full reconciliation of all Adjusted performance measures is set out below and in Note 5 to the financial information.

When looking at the underlying performance of the Group, which also strips out the effect of acquisitions made in the 24 months to 31 December 2014, total underlying revenue increased by 21% to €427.8 million, underlying adjusted EBITDA increased 27% to €193.2 million (2013: €152.7 million), and underlying adjusted profit grew 30% to €181.5 million (2013: €139.3 million), after a one-off prior year adjustment in amortisation of intangibles.

Adjusted earnings per share ("Adjusted EPS") and diluted Adjusted EPS, increased by 28.3% and 29.1% to 65.0 € cents and 64.7 € cents respectively (2013: 50.7 € cents and 50.2 € cents respectively), flattered marginally by the establishment of an employee benefit trust during the period.

Playtech remains a highly cash generative business, with significant cash conversion from adjusted EBITDA to operating cash of 96%, reflecting the strength of its business model as consistently shown over the years. Cash balances as at 31 December 2014 were €692.3 million (31 December 2013: €527.4 million) bolstered by the issuance of a convertible bond in November 2014 amounting to €297.0 million (net proceeds of €291.3 million).

Revenues

Year ended	31 Dec 14 €'000	31 Dec 13 €'000	Change%
Casino	**244,235**	189,216	29%
Services	**132,792**	111,116	20%
Sport	**26,306**	17,100	54%
Bingo	**17,468**	18,464	-5%
Land-based	**16,612**	12,275	35%
Poker	**13,813**	14,680	-6%
Other	**5,754**	4,355	1%
Total	**456,980**	367,206	24%

Total revenue increased by 24% to €457.0 million (2013: €367.2 million). Of the increase, 13% was derived organically from existing business, including strong growth in mobile casino, sport and Asia; 7% from new business, (defined as new licensees or new products launched in the past 18 months) and 4% coming from acquisitions, including PokerStrategy (acquired in July 2013), Aristocrat Lotteries (acquired at the end of September 2014), Eurolive and others.

Casino remains the biggest revenue line item and continues to be a key driver for growth, increasing by 29% to €244.2 million (2013: €189.2 million), the majority of which continued to be derived from the core casino offering. This was complemented by growth in mobile casino, which contributed 6% to overall growth, with Live contributing 1% and premium content an additional 1%. It is also noticeable that mobile casino growth accelerated as increasing numbers of games were deployed, resulting in an impressive increase of 84% over 2013, reflecting 10% of overall casino revenue (2013: 7%).

Services revenue increased by 20% to €132.8 million (2013: €111.1 million), impacted by the acquisitions of PokerStrategy and Eurolive, which contributed an aggregate of €26.4 million in 2014 (2013: €13.0 million). Excluding acquisitions, services revenue increased by 8%, mainly as a result of the increasing Live services activity which has offset the impact of the decrease in dot.com activities in Europe as licensees refocus their marketing spend. It is important to note that these figures feature only marginal contributions from new business which include the new structured deals with Caliente and the RCS Group, due to the timing of entering these agreements, and excludes any contribution from the services agreement with Ladbrokes.

The sport vertical enjoyed the highest percentage growth compared to last year, with revenue totalling €26.3 million (2013: €17.1 million), a significant increase of 54%. Mobile sport grew 51% driven by a full year of revenues from Ladbrokes, along with a good World Cup performance. Core Sport activity was up 67% reflecting both organic growth and new business.

Reported bingo revenue was €17.5 million (2013: €18.5 million) down 5% on the year, impacted by certain larger licensees opting to take further product verticals leading to a change in royalty structure, partially mitigated by an appreciation of sterling against the euro. The bingo product vertical also contributed revenues of €11.3 million relating to casino side games in 2014, reported under the casino line item, which altogether represents total bingo contribution of €28.7 million (2013: €29.8 million). Mobile bingo, while still in its infancy, continues to grow and accounted for 14% of bingo revenue.

Land-based revenue was €16.6 million (2013: €12.3 million), an increase of 35% principally driven by acquisitions. Underlying land-based revenue increased 13%, predominantly complemented by increased revenues from IGS, new business and the appreciation of sterling against the euro.

Poker revenue was €13.8 million (2013: €14.7 million) reflecting continued market weakness. Despite these broad market trends, poker remains an important vertical in Playtech's offering, into which the Group continues to invest. Poker also contributes additional revenues of €4.4 million from casino side games embedded as part of the poker client (2013: €6.2 million), which is reported under the casino line item. In aggregate, poker reflects 4% of total revenue in 2014.

The mobile channel continues to grow strongly, yet remains immature with significant opportunity for future growth. Over 2014, mobile casino grew by 84% to €23.6 million (2013: €12.9 million), becoming the largest mobile segment. Sport, which was the first product vertical to adopt a mobile format, was €22.2 million (2013: €14.7 million), a 51% improvement benefitting from new business and the football World Cup. While mobile bingo revenue was 21% improved over the prior year, penetration into the channel improved to 12% from 11%. Mobile poker was €0.2 million for the year, the first full year of participation.

Adjusted EBITDA

	2014 **€'000**	2013 €'000
EBITDA	**197,903**	543,756
Employee stock option expenses	**364**	1,326
Decline in fair value of available-for-sale investments	**8,668**	4,127
Professional expenses on acquisitions	**212**	208
Gain on sale of investment in WHO	**-**	(340,819)
Gain on sale of available for sale investments	**-**	(31,088)
Share of profit of WHO	**-**	18,086
Adjusted EBITDA	**207,147**	159,424
Adjusted EBITDA margin	**45.3%**	43.4%
EBITDA related to acquisitions	(13,929)	(6,684)
Underlying adjusted EBITDA	193,218	152,740
Underlying adjusted EBITDA margin	45.2%	43.1%

Adjusted EBITDA margin was 45.3% (2013: 43.4%) up 190 bps, mostly as a result of a reduced proportion of revenue-driven costs, operational leverage, acquisitions and exchange rates.

Cost of operations

Adjusted operating expenses, before depreciation and amortisation, increased by 20% to €249.8 million (2013: €207.8 million), of which 7% related to acquisitions.

Operating expenses excluding acquisitions increased by 16% to €234.7 million (2013: €201.5 million), mainly as a result of increased employee-related costs, being the biggest cost line item, and cost of service.

Revenue-driven costs were €37.5 million (2013: €37.9 million), and comprise mostly direct marketing costs relating to the services division and license fees paid to third parties, including games developers and branded content, which are typically calculated as a share of the revenues generated. Revenue-driven costs now represent 8.2% of revenues (2013: 10.3%), impacted by acquisitions, increasing revenues that do not incur such costs, and other factors.

During the year, the cost of dedicated teams was reclassified from employee-related costs to cost of services. The following comparison to 2013 takes into account this reclassification.

Employee-related costs, as a proportion of adjusted non-revenue-related costs of operations increased marginally to 62.7% impacted by acquisitions, when excluding those, this cost line item remained at the same level to 2013 of approximately 61.0%. Capitalisation of development cost, excluding acquisitions, also remained at the same level of approximately 14%, total capitalised development cost was €20.2 million (2013: €18.4 million). Total employee-related costs excluding acquisitions, were €118.0 million (2013: €101.4 million), an increase of 16%, mostly as a result of additional investment in the sport product (including virtual sport), mobile and casual gaming.

Cost of service was €32.8 million (2013: €23.3 million) and comprise mostly hosting expenses, license of various software costs, online and offline marketing costs and the cost of dedicated teams. The cost of service excluding acquisitions was €32.2 million (2013: €22.7 million).The increase was mainly as a result of additional third party technology license fees and an increase in on-demand dedicated teams fully recharged to licensees together with an increase in hosting-related costs.

Another increase in costs was in rent and office costs reflecting the costs of new offices of newly established companies in various locations.

Playtech remains focused on managing cost inflation across the business.

Analysis of adjusted operating expenses	**2014 €'000**		2013 €'000	
Adjusted operating expenses	**249,833**		207,782	
Revenue-driven cost	**37,495**		37,922	
Adjusted operating expenses excluding revenue driven costs	**212,338**		169,860	
Employee-related costs	**133,034**	**62.7%**	105,094	61.9%
Cost of service	**32,805**	**15.4%**	23,333	13.7%
Administration and office costs	**22,753**	**10.7%**	17,656	10.4%
Other operational costs	**15,248**	**7.2%**	14,907	8.8%
Travel, exhibition and marketing costs	**8,498**	**4.0%**	8,870	5.2%

Financial income and tax

Financial income was €19.2 million (2013: €14.4million), comprising €16.0 million related to exchange rate differences (2013: €6.9 million) mainly attributed to the sterling cash balances held, €1.6 million from interest received (2013: €2.4 million), and dividends received from available-for-sale investments of €1.6 million (2013: €5.1 million).

Finance costs of €2.8 million (2013: €5.4 million) include a €1.3 million interest expense with respect to the convertible bonds (2013: nil), €0.5 million (2013: €1.2 million) bank charges and interest paid, €0.4 million (2013: €2.9 million) related to the outstanding balance in deferred and contingent consideration, and a remaining provision of €0.6 million (2013: €1.3 million) against irrecoverable cash balances relating to the banking collapse in Cyprus during 2013.

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 mainly operate on a cost plus basis, and are taxed on their residual profit.

The tax charge in 2014 was €2.9 million (2013: €2.5 million). The effective tax rate was 2.0% (2013: 2.0%, excluding profits on disposals and the finance costs on deferred consideration

Net profit and earnings per share

Reported net profit for 2014 attributable to owners of the parent was €140.3 million (2013: €488.6 million). Reported EPS for the year were 47.8 € cents, based on a weighted average number of shares of 293.4 million (2013: 167.0 € cents; 292.6 million shares). Diluted EPS for the year were 47.6 € cents, based on a weighted average number of shares of 294.7 million (2013: 165.3 € cents, 295.6 million shares).

Adjusted net profit and adjusted earnings per share

	2014 €'000	2013 €'000
Net profit	**140,327**	488,578
Amortisation of intangibles on acquisitions, incl. amortisation on investment in associates	**39,057**	39,867
Decline in fair value of available-for-sale investments	**8,668**	4,127
Employee stock option expenses	**364**	1,326
Professional costs on acquisitions	**212**	208
Gain on sale of investment in associates	**-**	(340,819)
Gain on sale of available-for-sale investments	**-**	(31,088)
Non-cash accrued bond interest	**1,113**	-
Finance costs - movement in deferred and contingent consideration	**439**	2,862
One-off provision against irrecoverable cash	**593**	1,330
Income from associates	**-**	(18,086)
Adjusted net profit – attributable to owners of the parent	**190,773**	148,305
Adjusted basic EPS (in € cents)	65.0	50.7
Adjusted diluted EPS (in € cents)	64.7	50.2
Adjusted net profit related to acquisitions	(12,394)	(5,842)
One-off adjustment to amortisation of intangibles	3,119	(3,165)
Underlying adjusted net profit – attributable to owners of the parent	181,498	139,298

Total amortisation in 2014 was €60.1 million (2013: €47.5 million). Amortisation on acquisitions of €39.1 million (2013: €38.2 million) include amounts relating to the historic acquisition of Virtue Fusion, GTS, PTTS, Ash Gaming, PokerStrategy and more recently Aristocrat Lotteries. Of the remaining €21.0 million (2013: €9.3 million), €15.7 million (2013: €6.9 million) was from internally generated development costs, €4.2 million related to the release of the buyout of a reseller agreement and €1.1 million (2013: €2.4 million) related to other intangibles.

Cash flow

Playtech continues to be a highly cash generative business. Cash as at 31 December 2014 was €692.3 million (31 December 2013: €527.4 million), bolstered by the €291.1 million net proceeds from the convertible bond issue undertaken in November. Cash represents 55% (2013: 49%) of the Group's total assets.

In the year ended 31 December 2014, the Group generated €220.8 million cash from operating activities (2013: €193.2 million). The cash conversion rate from adjusted EBITDA was 96% (2013: 97% excluding WHO share of profit) when adding back capitalisation of development costs.

The Group's net cash used for investing activities was €129.2 million (2013: €171.7 million excluding the dividends received from WHO of €22.2 million and the net proceeds from the sale of investment in WHO). Acquisition payments totalled €43.4 million, including the final instalment related to the PTTS acquisition (2013: €128.9 million, mainly due to two instalments related to the PTTS acquisition), €21.8 million (2013: €19.9 million) related to capitalised development costs, €33.8 million (2013: nil) related to investments into equity-accounted associates and joint ventures, €25.2 million (2013: €10.7 million) related to the acquisition of property, plant and equipment, and €6.3 million (2013: €6.7 million) related to the acquisition of intangible assets.

Cash inflow from financing activities was €57.3 million (2013: outflow €136.5 million), the most significant components being the €291.1 million net proceeds of the convertible bond issue, dividend payments of €192.3 million (2013: €67.9 million), and a payment of €48.5 million toward shares held in an employee benefit trust (2013: nil). In the comparable period, a repayment of €69.2 million of bank borrowings occurred.

Balance sheet

On 31 December 2014, the Group held cash balances of €692.3 million (31 December 2013: €527.4 million) that included monies held on behalf of operators in respect of funds attributed to jackpots, security deposits and other in the amount of €60.6 million (31 December 2013: €49.0 million). Trade receivables were €45.1 million (31 December 2013: €41.3 million).

Intangible assets as at 31 December 2014 were €381.1 million (31 December 2013: €393.1 million), of which €141.5 million comprised assets acquired from PTTS (31 December 2013: €179.2 million), and the remainder relate to assets and associated goodwill from acquisitions including PokerStrategy, Tribeca, GTS, Virtue Fusion, IGS, Mobenga, Ash Gaming, Geneity, Aristocrat Lotteries and other; patent and other intellectual property rights and development costs of new games and products.

Available-for-sale investments were €24.2 million (31 December 2013: €33.7 million), as of 31 December 2014 the Company had an investment balance of €19.8 million related to UK quoted equity securities (31 December 2013: €30.1 million).

Investments in equity-accounted associates were €33.8 million (31 December 2013: €1.6 million), mainly related to the investment in BGO and the investment in structured agreements.

The convertible bond liability was €247.0 million (31 December 2013: nil), and its option reserve was €45.4 million (31 December 2013: nil). The bonds were issued in November 2014 for total net proceeds of €291.3 million.

Post balance sheet events

On 16 February 2015, the Group announced the acquisition of Yoyo Games for US$16.4 million, of which 30% will be held in escrow for up to 36 months after closing to provide security in respect of claims. In addition, an earn-out consideration and a retention plan is expected to add a further US$5.25 to the aggregate cost.

Dividend

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

In October 2014 the Group paid an interim dividend for 2014 of €26.0 million (8.9 € cents per share) (2013: €22.8 million or 7.8 € cents per share). The Board has recommended a final dividend of €50.6 million (17.5 € cents per share) (2013: €45.2 million or 15.4 € cents per share), giving a total 2014 dividend of approximately €76.4 million (26.4 € cents per share) (2013: €67.9 million or 23.2 € cents per share), up 13.8%, and up 30% on a like for like basis, excluding the WHO share of profit in 2013.

Principal risks and uncertainties

The key risks areas, which will be discussed in our 2014 Annual Report and Accounts are as follows:

- regulation;
- taxation;
- competitive landscape;
- economic climate;
- cash management;
- security; and
- key employees.

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 2014. A list of current directors is maintained on Playtech's website, www.playtech.com.

By order of the Board,

Mor Weizer
Chief Executive Officer
26 February 2015

Ron Hoffman
Chief Financial Officer
26 February 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 Actual €'000	2014 Adjusted €'000	2013 Actual €'000	2013 Adjusted €'000
Revenue	4	456,980	456,980	367,206	367,206
Distribution costs before depreciation and amortisation		(211,756)	(211,442)	(178,965)	(177,903)
Administrative expenses before depreciation and amortisation		(47,321)	(38,391)	(34,478)	(29,879)
Gain on sale of available-for-sale investment	14	-	-	31,088	-
EBITDA before income from associate and gain on sale		**197,903**	**207,147**	**184,851**	**159,424**
Income from associates		-	-	18,086	-
Gain on sale of share in associate		-	-	340,819	
EBITDA	**6**	**197,903**	**207,147**	**543,756**	**159,424**
Depreciation and amortisation, including amortisation of intangibles in associate		(69,790)	(30,733)	(58,783)	(18,916)
Finance income	7	19,157	19,157	14,390	14,390
Finance cost - movement in deferred and contingent consideration		(439)	-	(2,862)	-
Finance cost - other		(2,403)	(697)	(2,527)	(1,197)
Total financing cost	7	(2,842)	(697)	(5,389)	(1,197)
Share of loss from joint ventures, net	13a	(92)	(92)	(2,506)	(2,506)
Share of loss from associates	13b	(695)	(695)	(211)	(211)
Profit before taxation		**143,641**	**194,087**	**491,257**	**150,984**
Tax expenses	8	(2,923)	(2,923)	(2,498)	(2,498)
Profit for the year		**140,718**	**191,164**	**488,759**	**148,486**
Other comprehensive income for the year:					
Items *that have been classified to profit or loss:*					
Reclassify to profit and loss on sale	14	-	-	(31,088)	-
Change in fair value of available for sale equity instruments	14	(774)	(774)	15,444	15,444
Total items that will be classified to *profit or loss*		(774)	(774)	(15,644)	15,444
Total comprehensive income for the year		**139,944**	**190,390**	**473,115**	**163,930**
Profit for the year attributable to:					
Owners of the parent		140,327	190,773	488,578	148,305
Non-controlling interest		391	391	181	181
		140,718	**191,164**	**488,759**	**148,486**
Earnings per share for profit attributable to the owners of the parent during the year:					
Basic (cents)	9	47.8	65.0	167.0	50.7
Diluted (cents)	9	47.6	64.7	165.3	50.2
Total comprehensive income attributable to:					
Owners of the parent		139,553	189,999	472,934	163,749
Non-controlling interest		391	391	181	181
		139,944	**190,390**	**473,115**	**163,930**

* 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, income from associates, 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, non-cash accrued bond interest, provision against irrecoverable cash and additional various non-cash charges. The directors believe that the adjusted profit represents more closely the consistent trading performance of the business. A full reconciliation between the actual and adjusted results is provided in Note 5.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

	Additional paid in capital €'000	Available for sale reserve €'000	Retained earnings €'000	Employee benefit trust €'000	Convertible bond option reserve €'000	Total attributable to equity holders of parent €'000	Non-controlling interest €'000	Total equity €'000
Balance at 1 Jan 2014	323,187	1,578	596,256	-	-	921,021	-	921,021
Changes in equity for the year								
Total comprehensive income for the year	-	(774)	140,327	-	-	139,553	391	139,944
Dividend paid	-	-	(192,258)	-	-	(192,258)	-	(192,258)
Purchase of employee Benefit Trust	-	-	-	(48,545)	-	(48,545)	-	(48,545)
Exercise of options	1,587	-	(6,292)	12,391	-	7,686	-	7,686
Issue of convertible bonds	-	-	-	-	45,392	45,392	-	45,392
Purchase of share options	-	-	(706)	-	-	(706)	-	(706)
Employee stock option scheme	-	-	365	-	-	365	-	365
Acquisition of minority interest	-	-	-	-	-	-	284	284
Balance at 31 December 2014	**324,774**	**804**	**537,692**	**(36,154)**	**45,392**	**872,508**	**675**	**873,183**
Balance at 1 Jan 2013	310,469	17,222	186,359	-		514,050	125	514,175
Changes in equity for the year								
Total comprehensive income for the year	-	(15,644)	488,578	-	-	472,934	181	473,115
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 2014

	Note	2014 €'000	2013 €'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	38,319	21,835
Intangible assets	12	381,145	393,121
Investments in equity accounted associates & joint ventures	13	33,826	1,633
Available for sale investments	14	24,219	33,661
Non-current assets	15	16,644	20,517
		494,153	**470,767**
CURRENT ASSETS			
Trade receivables	16	45,056	41,336
Other receivables	17	22,396	26,475
Cash and cash equivalents	18	692,347	527,394
		759,799	**595,205**
TOTAL ASSETS		**1,253,952**	**1,065,972**
EQUITY			
Additional paid in capital	19	324,774	323,187
Available-for-sale reserve		804	1,578
Employee Benefit Trust	19	(36,154)	-
Convertible bonds option reserve	20	45,392	-
Retained earnings		537,692	596,256
Equity attributable to equity holders of the parent		**872,508**	**921,021**
Non-controlling interest		675	**-**
TOTAL EQUITY		**873,183**	**921,021**
NON CURRENT LIABILITIES			
Convertible bonds	20	247,040	-
Deferred revenues		6,398	7,064
Deferred tax liability	22	4,904	5,083
Progressive, operators' jackpots and security deposits		15,000	15,000
Deferred consideration		1,088	-
Other non-current liabilities		1,284	245
		275,714	**27,392**
CURRENT LIABILITIES			
Trade payables	21	16,426	21,175
Progressive operators' jackpots and security deposits		45,562	33,544
Tax liabilities		990	1,720
Deferred revenues		3,442	4,741
Deferred consideration		1,823	28,630
Other payables	23	36,812	27,749
		105,055	**117,559**
TOTAL EQUITY AND LIABILITIES		**1,253,952**	**1,065,972**

The financial information was approved by the Board and authorised for issue on 26 February 2015.

Mor Weizer
Chief Executive Officer

Ron Hoffman
Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2014 €'000	2013 €'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit after tax		140,718	488,759
Adjustments to reconcile net income to net cash provided by operating activities (see below)		85,842	(292,439)
Income taxes paid		(5,798)	(3,170)
Net cash provided by operating activities		**220,762**	**193,150**
CASH FLOWS FROM INVESTING ACTIVITIES			
Long-term deposits and loan advances		(2,547)	(7,789)
Buyout of reseller agreement		-	(11,847)
Dividend received from equity-accounted associate		-	22,167
Acquisition of property, plant and equipment	11	(25,164)	(10,687)
Proceeds from sale of investment in associate		-	492,528
Proceed from sale of available-for-sale investments		-	57,179
Return on investment in joint ventures	13a	3,393	1,205
Investment in joint ventures	13a	(7,373)	-
Acquisition of intangible assets	12	(6,251)	(6,706)
Acquisition of subsidiaries, net of cash acquired		(43,353)	(128,937)
Capitalised development costs	12	(21,806)	(19,889)
Investment in equity-accounted associates	13b	(26,450)	-
Investment in available-for-sale investments		-	(44,190)
Proceeds from sale of property, plant and equipment		374	262
Acquisition of minority interest		-	(306)
Net cash (used in)/provided by investing activities		**(129,177)**	**342,990**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to the holders of the parent		(192,258)	(67,872)
Issue of convertible bonds, net of issue costs	20	291,145	-
Purchase of shares for EmployeeBenefit Trust	19b	(48,545)	-
Cancellation of options		(706)	(12,136)
Repayment of bank borrowings		-	(69,220)
Exercise of options		7,686	12,718
Net cash from/(used in) financing activities		**57,322**	**(136,510)**
INCREASE IN CASH AND CASH EQUIVALENTS		**148,907**	**399,630**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		527,394	120,880
Exchange gains on cash and cash equivalents		16,046	6,884
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**692,347**	**527,394**

	2014 €'000	2013 €'000
ADJUSTMENT TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Income and expenses not affecting operating cash flows:		
Depreciation	9,665	9,662
Amortisation, including amortisation of intangibles in associate	60,125	49,121
Income from associate	-	(18,086)
Share of loss from joint ventures	92	2,506
Share of loss from associates	695	-
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	8,668	4,127
Interest expenses on convertible bonds	1,287	-
Income tax expense	2,923	2,498
Employee stock option plan expenses	364	1,326
Movement in deferred and contingent consideration	438	2,864
Exchange gains on cash and cash equivalents	(16,046)	(6,884)
Other	170	(71)
Changes in operating assets and liabilities:		
Increase/(decrease) in trade receivables	74	10,340
Increase/(decrease) in other receivables	5,166	(1,655)
Increase in trade payables	(4,835)	6,998
Increase/(Decrease) in progressive, operators jackpot and security deposits	12,018	16,937
Increase in other payables	7,003	751
Decrease in deferred revenues	(1,965)	(966)
	85,842	**(292,439)**

Acquisition of subsidiary, net of cash acquired

	Note	2014 €'000	2013 €'000
Acquisitions in the year			
A. Acquisition of Aristocrat Lotteries	24a	11,556	-
B. Other acquisitions	24b	3,069	-
Acquisitions in previous years			
C. Acquisition of PokerStrategy.com Limited	25a	-	37,703
D. Acquisition of The Nation Traffic assets	25b	-	4,700
E. Acquisition of Intelligent Gaming Systems Limited		728	734
F. Acquisition of PT Turnkey Services Limited		28,000	70,000
G. Acquisition of Mobenga AB		-	15,800
		43,353	**128,937**

NOTE 1 – GENERAL
On 21 June 2013 Playtech plc (the "Company") re-domiciled as a company in the Isle of Man.

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 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 2014 or 31 December 2013. The annual report and financial statements for the year ended 31 December 2014 were approved by the Board of Directors on 26 February 2015 along with this preliminary announcement. The auditor's report on the statutory accounts for both the year ended 31 December 2014 and 31 December 2013 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 2014.

New standards, interpretations and amendments effective from 1 January 2014

The following key new standards, interpretations and amendments, applied for the first time from 1 January 2014:
- IFRS 10 Consolidated Financial Information
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- The related revisions to IAS 27 Separate Financial Statements for the above
- The related revisions to IAS 28 Investments in Associates and Joint Ventures for the above

None of the above, nor other new standards, interpretations and amendments, which are effective for periods beginning after 1 January 2015 and which have not been adopted early, are expected to have a material effect on the Group's future financial information.

The comparative financial information for period ended 31 December 2013 included within this report does not constitute the full statutory accounts for that period. The Independent Auditors' Report on the Annual Report for the year ended 31 December 2013 was unqualified, and did not draw attention to any matters by way of emphasis.

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

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

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

Revenue recognition

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

Royalty income

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

Fixed-fee income

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

Fixed-term arrangements

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

Distribution costs

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

Share-based payments

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

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

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated balance sheet differs from its tax base, except for differences arising on:
- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

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

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:
- the same taxable Group company; or
- different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

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

Property, plant and equipment
Property, plant and equipment comprise computers and gaming machines, 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	13-33
Customer lists	In line with projected cash flows or 7-20
Affiliate contracts	5-12.5
Patents and license	Over the expected useful lives 10-33

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

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

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

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

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

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

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

Impairment

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 statement of financial position at cost. Subsequently associates are accounted for using the equity method, where the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of profit and loss and other comprehensive income (except for losses in excess of the Group's investment in the associate unless there is an obligation to make good those losses).

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

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

Joint ventures

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

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

In assessing the classification of interests in joint arrangements, the Group considers:
- The structure of the joint arrangement;
- The legal form of joint arrangements structured through a separate vehicle;
- The contractual terms of the joint arrangement agreement; and
- Any other facts and circumstances (including any other contractual arrangements).

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

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

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

Financial assets

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

Loans and receivables

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

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

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

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less. Where cash is on deposit with maturity dates greater than three months, it is disclosed within other receivables.

Loans to customers are in respect of formal loan agreements entered into between the Group and its customers, which are carried at original advanced value less provision for impairment. They are classified between current and non-current assets in accordance with the contractual repayment terms of each loan agreement.

Available-for-sale financial assets

Non-derivative financial assets classified as available-for-sale comprise the Group's strategic investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. They are carried at fair value with changes in fair value generally recognised in other comprehensive income and accumulated in the available for sale reserve. In accordance with IAS 39, a significant or prolonged decline in the fair value of an available-for-sale financial asset is recognised in the consolidated statement of comprehensive income.

Purchases and sales of available-for-sale financial assets are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the available-for-sale reserve. On sale, the amount held in the available-for-sale reserve associated with that asset is removed from equity and recognised in the consolidated statement of comprehensive income.

Financial liabilities

Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Several of the Group’s licensees participate in progressive jackpot games. Each time a progressive jackpot game is played, a preset amount is added to a cumulative jackpot for that specific game. The accrual for the jackpot at the consolidated balance sheet date is included in progressive jackpot and other operator’s jackpot liabilities.

Liability components of convertible loan notes are measured as described further below.

Loans and bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated balance sheet. Interest expense in this context includes initial transaction costs and premia payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Fair value measurement hierarchy
IFRS 7 requires certain disclosure which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement (see note 30). The fair value hierarchy has the following levels:
a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
b) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. – derived from prices) (Level 2); and
c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the financial asset or financial liability is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the three levels. The Group measures its Available-for-sale investments at fair value – refer to Note 15 for more detailed information in respect of the fair value measurement.

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

Employee Benefit Trust
Consideration paid/received for the purchase/sale of shares subsequently put in the Employee Benefit Trust is recognised directly in equity. The cost of treasury shares held is presented as a separate reserve (the "Employee Benefit Trust reserve"). Any excess of the consideration received on the sale of treasury shares over the weighted average cost of the shares sold is credited to retained earnings.

Convertible bond
The proceeds received on issue of the Group's convertible bond are allocated into their liability and equity components. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert. Subsequently, the debt component is accounted for as a financial liability measured at amortised cost until extinguished on conversion or maturity of the bond, where the option meets the definition of an equity instrument. The remainder of the proceeds is allocated to the conversion option and is recognised in the "Convertible bond option reserve" within shareholders' equity.

Long term liabilities
Long term liabilities are those liabilities that are due for repayment or settlement in more than twelve months from balance sheet date.

Provisions
Provisions, which are liabilities of uncertain timing or amount, are recognised when the Group has a present obligation as a result of past events, if it is probable that an outflow of funds will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Leases
Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an "operating lease"), the total rentals payable under the lease are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

Non-controlling interests
Non-controlling interest is recognised at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. The total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their relative ownership interests.

Adjusted results
Adjusted results are amended for income or expense that helps to better understand the trading performance of the business.
Such exclusions include:

- Material non-cash items, e.g. amortisation of intangibles on acquisition, change in fair value of available-for-sale investments in the income statement and Employee Share Option Plan expenses.
- Material one-off items, e.g. gain on sale of investment in associates, professional services cost related to acquisitions and other exceptional projects.

Underlying adjusted results excludes the following items in order to present a more accurate 'like for like' comparison over the comparable period:

- The impact of acquisitions made in the period or in the comparable period; and
- Specific material agreements, adjustments to previous years or currency fluctuations affecting the results in the period and the comparable period.

A full reconciliation of adjustments is included in note 5.

NOTE 3 – CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial information in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial information and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

The areas requiring the use of estimates and critical judgments that may potentially have a significant impact on the Group's earnings and financial position are detailed below.

Estimates and assumptions

Impairment of goodwill and other intangibles
The Group is required to test, on an annual basis, whether goodwill, intangible assets not yet in use and indefinite life assets have suffered any impairment. The Group is required to test other intangibles if events of changes in circumstances indicated that their carrying amount may not be recoverable. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Such estimates are based on management's experience of the business, but actual outcomes may vary. More details including carrying values are included in Note 12.

Amortisation of development costs and other intangible assets and the useful life of property, plant and equipment
Intangible assets and property, plant and equipment are amortised or depreciated over their useful lives. Useful lives are based on management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness.

Changes to estimates can result in significant variations in the amounts charged to the consolidated statement of comprehensive income in specific periods. More details including carrying values are included in Notes 11 and 12.

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 30.

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.

Structured agreements
For all arrangements structured in separate vehicles the Group must assess the substance of the arrangement in determining whether it meets the definition to be classified as an associate or joint venture. Factors the group must consider include:

- Structure
- Legal form
- Contractual agreement
- Other facts and circumstances.

Upon consideration of these factors, the Group has determined that all of its arrangements structured through separate vehicles give it significant influence but not joint control rights to the net assets and are therefore classified as associates.

Share-based payments
The Group has a share-based remuneration scheme for employees. The fair value of share options is estimated by using the Black-Scholes and Binomial models, on the date of grant based on certain assumptions. Those assumptions are described in Note 10 and include, among others, the dividend growth rate, expected share price volatility, expected life of the options and number of options expected to vest.

Determination of fair value of intangible assets acquired
The fair value of the intangible assets acquired is based on the discounted cash flows expected to be derived from the use of the asset. Further information in relation to the determination of fair value of intangible assets acquired is given in Notes 24 and 25.

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 24 and 25.

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 six (2013: six) main product groupings:

- Casino
- Services
- Sport
- Bingo
- Land-based (2013: Videobet)
- Poker

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

	2014	**2013**
	€'000	**€'000**
Casino	244,235	189,216
Services	132,792	111,116
Sport	26,306	17,100
Bingo	17,468	18,464
Land-based	16,612	12,275
Poker	13,813	14,680
Other	5,754	4,355
Total revenues	456,980	367,206

In 2014, there were three licensees (2013: two licensees) who individually accounted for more than 10% of the total revenue of the Group. Aggregate revenue from these licensees totaled €185.9 million (2013: €129.5 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.

	2014	**2013**
	€'000	**€'000**
Philippines	134,052	55,638
Gibraltar	103,148	88,924
Antigua	63,302	86,271
Rest of World	55,610	41,995
Alderney	34,416	39,125
UK	23,672	849
Malta	15,867	11,743
Curacao	13,614	28,182
Italy	13,299	14,479
	456,980	367,206

Geographical analysis of non-current assets

	2014 €'000	2013 €'000
British Virgin Islands	215,876	215,742
Isle of Man	183,300	184,937
Cyprus	32,974	28,805
Sweden	20,255	18,791
Estonia	8,095	7,819
Netherland	7,990	7,685
Israel	7,930	3,508
UK	5,229	1,427
Rest of World	12,504	2,053
	494,153	470,767

NOTE 5 – ADJUSTED ITEMS

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

	2014 €'000	2013 €'000
Distribution costs before depreciation and amortisation	211,756	178,965
Employee stock option expenses	(314)	(1,062)
Adjusted distribution costs before depreciation and amortisation	211,442	177,903
Administrative expenses before depreciation and amortisation	47,321	34,478
Employee stock option expenses	(50)	(264)
Professional fees on acquisitions	(212)	(208)
Decline in fair value of available-for-sale investment	(8,668)	(4,127)
Total adjusted items	(8,930)	(4,599)
Adjusted administrative expenses before depreciation and amortisation	38,391	29,879
Depreciation – distribution costs	8,300	8,243
Depreciation – administrative costs	1,365	1,419
Amortisation – distribution costs	60,125	49,121
Total depreciation and amortisation	69,790	58,783
Amortisation of intangibles on acquisitions – distribution costs	(39,057)	(38,196)
Amortisation of intangibles in associate	-	(1,671)
Adjusted depreciation and amortisation	30,733	18,916
EBITDA	197,903	543,756
Decline in fair value of available-for-sale investments	8,668	4,127
Employee stock option expenses	364	1,326
Professional expenses on acquisitions	212	208
Gain on sale of investment in associates	-	(340,819)
Gain on sale of available-for-sale investments	-	(31,088)
Income from associates	-	(18,086)
Adjusted EBITDA	207,147	159,424
EBITDA related to acquisitions	(13,929)	(6,684)
Underlying adjusted EBITDA	193,218	152,740
Profit for the year- attributable to owners of parent	140,327	488,578
Amortisation of intangibles on acquisitions including amortisation on investment in associates	39,057	39,867
Decline in fair value of available-for-sale investments	8,668	4,127
Employee stock option expenses	364	1,326

Professional expenses on acquisitions	212	208
Gain on sale of investment in associates	-	(340,819)
Gain on sale of available-for-sale investments	-	(31,088)
Non-cash accrued bond interest	1,113	-
Movement in deferred and contingent consideration	439	2,862
Provision against irrecoverable cash	593	1,330
Income from associates	-	(18,086)
Adjusted profit for the year - attributable to owners of the parent	190,773	148,305
Adjusted net profit related to acquisitions	(12,394)	(5,842)
One off adjustment to amortisation of intangibles	3,119	(3,165)
Underlying adjusted profit for the year - attributable to owners of the parent	181,498	139,298

NOTE 6 – EBITDA

EBITDA is stated after charging:

	2014 €'000	**2013 €'000**
Directors compensation		
Short-term benefits of directors	1,635	1,518
Share-based benefits of directors	4	25
Bonuses to executive directors	1,725	1,403
	3,364	2,946
Auditor's remuneration		
Audit services:		
Parent company and Group audit	395	290
Audit of overseas subsidiaries	381	238
Total Audit fees	776	528
Non-audit services:		
Other acquisition and assurance services	397	129
Taxation compliance	23	11
Total Non-audit fees	420	140
Development costs (including capitalised development costs of €21.8 million (2013: €19.8 million)	48,707	44,704

NOTE 7 – FINANCING INCOME AND COSTS

	2014 €'000	2013 €'000
A. Finance income		
Interest received	1,551	2,448
Dividends received from available-for-sale investments	1,560	5,058
Exchange differences	16,046	6,884
	19,157	14,390
B. Finance cost		
Finance cost – movement in deferred and contingent consideration	(439)	(2,862)
Interest expenses on convertible bonds	(1,287)	-
One-off provision against irrecoverable cash	(593)	(1,330)
Bank charges and interest paid	(523)	(1,197)
	(2,842)	(5,389)
Net financing income	**16,315**	**9,001**

NOTE 8 – TAXATION

	2014 €'000	2013 €'000
Current income tax		
Income tax on profits of subsidiary operations	3,953	3,321
Deferred tax (Note 22)	(1,030)	(823)
Total tax charge	2,923	2,498

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

	2014 €'000	2013 €'000
Profit before taxation	143,641	491,257
Tax at effective rate in Isle of Man	-	-
Higher rates of current income tax in overseas jurisdictions	2,923	2,498

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 years.

NOTE 9 – EARNINGS PER SHARE

Earnings per share have been calculated using the weighted average number of shares in issue during the relevant financial periods. The weighted average number of equity shares in issue and the earnings, being profit after tax is as follows:

	Actual €'000	2014 Adjusted €'000	Actual €'000	2013 Adjusted €'000
Profit for the year attributable to owners of the parent	140,327	190,773	488,578	148,305
Basic (cents)	47.8	65.0	167.0	50.7
Diluted (cents)	47.6	64.7	165.3	50.2

	Number 2014	Number 2013
Denominator – basic		
Weighted average number of equity shares	293,444,590	292,618,598
Denominator – diluted		
Weighted average number of equity shares	293,444,590	292,618,598
Weighted average number of option shares	1,209,873	3,010,556
Weighted average number of shares	294,654,463	295,629,154

As at 31 December 2014, out of the entire share options outstanding 10,667 (2013: 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:

	2014 €'000	2013 €'000
Salaries and employee-related costs	157,579	121,479
Employee stock option costs	364	1,326
	157,943	122,805
Average number of employees:		
Distribution	3,738	3,054
General and administration	234	207
	3,972	3,261

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 holder's consent, to settle fully vested and exercisable options for cash instead of issuing shares.

At 31 December 2014, options under these schemes were outstanding over:

	2014 Number	2013 Number
Shares vested on 30 November 2008 at an exercise price of £1.45 per share	38,899	46,366
Shares vested between 21 June 2007 and 21 June 2009 at an exercise price of $5.75 per share	6,867	7,333
Shares vested between 21 June 2007 and 21 June 2009 at an exercise price of £3.16 per share	10,000	10,000
Shares vested between 11 December 2007 and 11 December 2009 at an exercise price of $4.35 per share	25,000	25,000
Shares vested between 11 December 2007 and 11 December 2009 at an exercise price of £2.21 per share	22,334	22,334
Shares vested between 16 May 2008 and 16 May 2010 at an exercise price of £3.79 per share	8,000	20,000
Shares vested between 18 June 2008 and 18 June 2010 at an exercise price of $7.79 per share	4,900	7,667
Shares vested between 18 June 2008 and 18 June 2010 at an exercise price of £3.96 per share	14,084	16,966
Shares vested between 31 December 2008 and 31 December 2010 at an exercise price of $7.68 per share	3,000	3,000
Shares vested between 31 December 2008 and 31 December 2010 at an exercise price of £3.86 per share	12,667	12,667
Shares vested between 10 October 2008 and 10 October 2011 at an exercise price of £3.51 per share	75,000	75,000
Shares vested between 25 April 2009 and 25 April 2012 at an exercise price of £4.35 per share	40,000	282,500
Shares vested between 28 November 2009 and 28 November 2012 at an exercise price of £3.20 per share	49,689	86,194
Shares vested on 22 May 2012 at an exercise price of £4.155 per share	95,000	95,000
Shares vested on 6 November 2012 at an exercise price of £3.7 per share	-	40,000
Shares vested between 18 April 2012 and 18 April 2013 at an exercise price of £5.12 per share	73,000	196,500
Shares vested between 3 June 2012 and 3 June 2013 at an exercise price of £4.84 per share	7,500	27,500
Shares vested between 26 August 2012 and 26 August 2013 at an exercise price of £4.16 per share	70,633	107,346
Shares vested on 10 March 2014 at an exercise price of £3.5225 per share	283,300	1,499,850
Shares vested on 16 December 2014 at an exercise price of £2.3 per share	-	60,000
Shares will vest on 23 June 2015 at an exercise price of £3.48 per share	370,000	380,000
	1,209,873	**3,021,223**

Total number of shares exercisable as of 31 December 2014 is 839,873 (2013: 1,081,373).

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

	2014 Number of options	**2013 Number of options**	**2014 Weighted average exercise price**	**2013 Weighted average exercise price**
Outstanding at the beginning of the year	3,021,223	10,111,145	$4.36, £3.70	$4.36, £3.70
Forfeited	(12,869)	(116,922)	£3.42	£3.96
Exercised	(1,798,481)	(6,973,000)	$7.5, £3.72	$4.21, £3.75
Outstanding at the end of the year	**1,209,873**	**3,021,223**	**$5.27, £3.64**	**$4.36, £3.7**

Included in the number of options exercised during the year is 113,869 (2013: 4,020,462) where a cash alternative was received.

The weighted average share price at the date of exercise of options was £7.36 (2013: £4.47).

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

Expiry date	**Exercise price**	**2014 Number**	**2013 Number**
1 December 2015	$2.50 and between £1.45 and £2.32	38,899	46,366
Between 6 February 2016 and 11 December 2016	Between $4.35 and $5.75 and between £1.72 and £3.16	64,201	64,667
Between 15 May 2017 and 31 December 2017	Between $7.19 and $7.79 and between £3.39 and £3.96	117,651	135,300
Between 25 April 2018 and 31 December 2018	$4.35 and between £3.17 and £5.31	89,689	368,694
Between 22 May 2019 and 6 November 2019	Between £3.70 and £4.16	95,000	135,000
Between 18 April 2020 and 26 August 2020	Between £4.16 and £5.12	151,133	331,346
Between 10 March 2021 and 16 December 2021	Between £2.30 and £3.52	283,300	1,559,850
21 June 2022	£3.48	370,000	380,000
		1,209,873	**3,021,223**

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 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
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 2014	39,577	2,885	491	8,909	51,862
Additions	16,033	2,745	40	6,346	25,164
Acquired through business combinations	542	637	-	350	1,529
Disposals	(1,295)	(546)	(75)	(264)	(2,180)
At 31 December 2014	54,857	5,721	456	15,341	76,375
Accumulated depreciation					
At 1 January 2014	26,895	1,073	136	1,923	30,027
Charge	7,623	929	94	1,019	9,665
Disposals	(901)	(421)	(50)	(264)	(1,636)
At 31 December 2014	33,617	1,581	180	2,678	38,056
Net Book Value					
At 31 December 2014	21,240	4,140	276	12,663	38,319

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 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
As of 31 December 2012	11,957	10,068	25,031	143,104	182,227	372,387

	Patents, Domain names & License	Technology IP	Development costs	Customer List & Affiliates	Goodwill	Total
	€'000	€'000	€'000	€'000	€'000	€'000
Cost						
As of 1 January 2014	22,576	20,881	66,514	220,853	197,208	528,032
Additions	592	1,670	21,806	3,989	-	28,057
Assets acquired on business combinations	-	4,110	1,825	1,998	7,889	15,822
As of 31 December, 2014	23,168	26,661	90,145	226,840	205,097	571,911
Accumulated amortisation						
As of 1 January 2014	6,682	10,346	28,615	89,268	-	134,911
Provision	1,992	2,803	15,731	35,329	-	55,855
As of 31 December 2014	8,674	13,149	44,346	124,597	-	190,766
Net Book Value						
As of 31 December 2014	14,494	13,512	45,799	102,243	205,097	381,145

The Group amortisation charge of €60.1 million also includes €4.2 million (2013: nil) in relation to the release of the buyout of reseller agreement (note 15 and 17).

Management believes that Domain names, with a carrying value of €0.2 million (2013: €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 twelve (2013: nine cash generating units ("CGU")) Management determines which of those CGU's are significant in relation to the total carrying value of goodwill as follows:

- Carrying value exceeds 10% of total goodwill; or
- Acquisition during the year; or
- Contingent consideration exists at the balance sheet date.

Based on the above criteria in respect of the goodwill, management has concluded that the following CGUs are significant:

- Services, with a carrying value of €98.1 million (2013: €98.1 million);
- Casino product, with a carrying value of €27.1 million (2013: €27.1 million); and
- Aristocrat, with carrying value of €3.8 million (2013: nil).
- Other acquisitions, with a carrying value of €4.0 million (2013: nil)

The recoverable amounts of all the CGUs have been determined from value in use calculations based on cash flow projections from formally approved budgets covering a four year period to 31 December 2018. 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 15.0% (2013: 15.2%) for Services, Casino, and two of the other acquisitions, 12.6% (2013: 13.0%) for Aristocrat and 17.4% (2013: nil) for another acquisition in the year.

The results of the review indicated that there was no impairment of goodwill at 31 December 2014. 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 2014.

NOTE 13 – INVESTMENTS IN EQUITY ACCOUNTED ASSOCIATES & JOINT VENTURES

	2014 €'000	**2013 €'000**
Investment in joint ventures comprise:		
A. Investment in International Terminal Leasing	5,521	1,633
Investment in equity accounted associates:		
B. Investment in associates	15,328	-
C. Investment in structured agreements	12,977	-
	33,826	1,633

A. Investment in International Terminal Leasing
On 8 March 2011, the Group entered into an agreement with Scientific Games to form a partnership called International Terminal Leasing ("ITL"), which relates to the strategic partnership with Scientific Games Corporation.

The Group's future profit share from this joint venture varies depending on the commercial arrangements in which ITL and its partners enter into with third parties. However, the group's share of profit is expected to be between 20%-50%.

The Group received a return on investments of €3.4 million during the year (2013: €1.2 million).

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

	€'000
Investment in joint venture at 31 December 2013	1,633
Share of loss in joint venture	(92)
Additional investment in ITL	7,373
Return of investment	(3,393)
Investment in joint venture at 31 December 2014	5,521

B. Investment in associates

Investment in BGO

In August 2014, the Group acquired 33.33% of the shares of BGO Limited for a total consideration of £10 million (€12.5 million).

The purpose of this investment is to further enhance BGO gaming applications on the Group's platform and to enable BGO to further invest in its successful brands and grow into international markets.

Other investments

During the year the Group reclassified €2.6 million previously accounted as other non-current assets to investment in associates. Also the Group invested additional €0.9 million in the year.

	€'000
Investment in associates at 1 January 2014	2,550
Investment in associates in the year	13,473
Share of loss	(695)
Investment in associates at 31 December 2014	15,328

Aggregated amounts relating to BGO Limited are as follows:

	2,014 **€'000**
Total non-current assets	206
Total current assets	14,236
Total current liabilities	(3,800)
Revenues	4,733
Loss	(2,203)

C. Investment in structured agreements

During the year the Group entered into two new structured agreements, which include agreements covering software licensing and services provisions, for total cash investment of €13.0 million. These structured agreements are individually immaterial.

Ladbrokes software and services agreement

The Group entered into a landmark transaction with Ladbrokes plc ("Ladbrokes"), which includes three significant agreements covering software licensing, marketing and advisory services.

As part of the advisory services agreement, the Group through its marketing division will have significant influence over the financial and operational decision making of the Ladbrokes digital business. Playtech will receive a share of profit based on the EBITDA performance of the Ladbrokes digital business in the financial year ended 31 December 2017 over and above that achieved in the financial year ended 31 December 2012, as adjusted (the "Base EBITDA"). 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 2014 the Group was not entitled to any share of profit.

NOTE 14 – AVAILABLE-FOR-SALE INVESTMENTS

	2014 €'000	2013 €'000
Investment in available-for-sale investments at 1 January	33,661	35,333
Additions	-	44,190
Disposals	-	(57,179)
Gains recycled to income statement	1,578	(19,986)
Unrealised valuation movement recognised in equity	(774)	4,342
Gains on sale transferred to income statement	-	31,088
Decline in fair value recognised in income statement	(10,246)	(4,127)
Investment in available-for-sale investments at 31 December	24,219	33,661

On disposal of investments in 2013, a gain on sale of €31,088,000 was reclassified to profit and loss.

	2014 €'000	2013 €'000
Available-for-sale financial assets include the following:		
Quoted:		
Equity securities – UK	19,811	30,057
Equity securities – Asia	4,408	3,604
	24,219	33,661

The fair value of quoted investments is based on published market prices.
The maximum exposure to credit risk at the reporting date is the carrying value of the financial assets classified as available-for-sale.

NOTE 15 – OTHER NON-CURRENT ASSETS

	2014 €'000	2013 €'000
Loan to customer	7,144	6,316
Loan to affiliate	1,414	566
Rent and car lease deposits	2,049	2,260
Guarantee for gaming licenses	1,000	1,000
Buyout of reseller agreement	3,265	7,534
Related parties (Note 26)	1,511	-
Other	261	2,841
	16,644	20,517

NOTE 16 – TRADE RECEIVABLES

	2014 €'000	2013 €'000
Customers	40,437	40,253
Related parties (Note 26)	4,619	1,083
	45,056	41,336

NOTE 17 – OTHER RECEIVABLES

	2014 €'000	2013 €'000
Prepaid expenses	7,699	6,273
VAT and other taxes	4,595	2,930
Short term deposits	1,082	5,847
Advances to suppliers	1,240	297
Loan to affiliate	347	400
Loan to supplier	1,133	3,934
Buyout of reseller agreement	4,313	4,313
Other receivables	1,987	2,481
	22,396	26,475

NOTE 18 – CASH AND CASH EQUIVALENTS

	2014 €'000	2013 €'000
Cash at bank	481,991	131,279
Deposits	210,356	396,115
	692,347	527,394

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:

	2014 €'000	2013 €'000
Funds attributed to jackpots	25,169	16,629
Security deposits	32,198	31,915
Other	3,195	483
	60,562	49,027

NOTE 19 – SHAREHOLDERS' EQUITY

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

	2014 Number of Shares	2013 Number of Shares
Authorised*	N/A	N/A
Issued and paid up	293,492,617	293,189,408

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

B. Employee Benefit Trust
During the year the Group established an Employee Benefit Trust by acquiring 5,517,241 shares for a total consideration of €48.5 million. During the year 1,381,403 shares were sold with a cost of €12.4 million, and as of 31 December 2014, a balance of 4,135,838 shares remains in the trust with a cost of €36.2 million.

C. Share options exercised
During the year 303,209 (2013: 2,952,538) share options were exercised. The Group also cash-settled 113,869 share options during the period (2013: 4,020,462), resulting in cash payments of €0.4 million (2013: €12.1 million).

D. Distribution of Dividend

In March 2014, the Group distributed to shareholders €120,955,488 (£100 million) by way of a special dividend (representing 34.1 pence per share, 41.3 € cents per share).

In May 2014, the Group distributed €45,255,502 as a final dividend in respect of the year ended 31 December 2013 (15.4 € cents per share).

In October 2014, the Group distributed €26,046,939 as an interim dividend in respect of the year ended 31 December 2014 (8.9 € cents per share).

E. Reserves

The following describes the nature and purpose of each reserve within owner's equity:

Reserve	Description and purpose
Additional paid in capital	Share premium (i.e. amount subscribed for share capital in excess of nominal value)
Available-for-sale reserve	Changes in fair value of available-for-sale investments (Note 14)
Employee Benefit Trust	Cost of own shares held in treasury by the trust
Convertible bond option reserve	Amount of proceeds on issue of convertible debt relating to the equity component (i.e. option to convert the debt into share capital)
Retained earnings	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income

NOTE 20 – CONVERTIBLE BONDS

On 12 November 2014 the Group issued €297.0 million of senior, unsecured convertible bonds due 2019 and convertible into fully paid Ordinary Shares of Playtech plc (the "Bonds"). The net proceeds of issuing the Bonds, after deducting commissions and other direct costs of issue, totaled €291.1 million.

The Bonds were issued at par and will be redeemed (if not converted before) on 19 November 2019 at their principal amount. The Bonds bear interest at 0.5% per annum, payable annually in arrears on 19 November.

Upon conversion, Bondholders are entitled to receive Ordinary Shares at the conversion price of €10.1325 per Ordinary Share, subject to adjustment in respect of (i) any dividend or distribution by the Company, (ii) a change of control and (iii) customary anti-dilution adjustments for, inter alia, share consolidations, share splits and rights issues.

The fair value of the liability component, included in non-current borrowings, at inception was calculated using a market interest rate for an equivalent instrument without conversion option of 4%.
The fair value of the liability component of the Bonds (including accrued interest) at 31 December 2014 amounted to €247.0 million, which was calculated using cash flow projections discounted at 4%.

The fair value of the equity component of the bonds at 31 December 2014 was €45.4 million.

NOTE 21 – TRADE PAYABLES

	2014 €'000	**2013 €'000**
Suppliers	10,934	13,887
Customer liabilities	2,467	1,804
Related parties (Note 26)	1,630	1,515
Other	1,395	3,969
	16,426	21,175

NOTE 22 – 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:

	2014 €'000	2013 €'000
At the beginning of the year	5,083	5,232
Arising on the acquisitions during the year (Note 24)	851	674
Reversal of temporary differences, recognised in the consolidated statement of comprehensive income	(1,030)	(823)
	4,904	5,083

NOTE 23 – OTHER PAYABLES

	2014 €'000	2013 €'000
Payroll and related expenses	24,351	15,125
Accrued expenses	8,882	8,632
Other payables	3,579	3,992
	36,812	27,749

NOTE 24 – ACQUISITIONS DURING THE YEAR

A. Acquisition of Aristocrat Lotteries

On 30 September 2014, the Group entered into share and assets purchase agreement with various subsidiaries of Aristocrat Leisure Limited, provider of TruServ Video Lottery Terminal ("VLT"). The Group acquired the IP Technology and 100% of the issued share capital of Aristocrat Lotteries AB and Aristocrat Lotteries Italia S.r.l. ("Aristocrat Lotteries"). Aristocrat Lotteries provide a server-based gaming platform for VLTs and Casino (Class III) markets to two leading retail VLT operators in Norway and Italy, marketed under the 'TruServTM brand.

The Group paid total cash consideration of €11.7 million, including working capital adjustment.
Up to €1.0 million may be repaid to the Group subject to the number of VLT's on the first anniversary.

	Fair value on acquisition €000
Property, plant and equipment	63
Intangible assets	5,688
Accounts receivables	3,120
Other receivables	1,339
Cash and cash equivalent	157
Other liabilities	(1,999)
Deferred tax liability	(488)
Net identified assets	7,880
Goodwill	3,834
Cash consideration	11,714
Cash purchased	(157)
Net cash payable	11,557

Adjustments to fair value include the following:

	Amount €'000	Amortisation %
IP Technology	1,865	14
Customer lists	1,999	10-20
Total adjustment to intangible assets	3,864	

The main factor leading to the recognition of goodwill is the market participant synergies expected to be created. In accordance with IAS36, the Group will regularly monitor the carrying value of its interest in the acquired Aristocrat Lotteries VLT business.

The key assumptions used by management to determine the value in use of the customer list, IP Technology within Aristocrat's VLT 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 customer relationships, brand and IP Technology.
- The growth rates and attrition rates were based on market analysis.

Management has not disclosed Aristocrat Lotteries VLT business contribution to the Group profit since the acquisition nor has the impact the acquisition would have had on the Group's revenue and profits if it had occurred on 1 January 2014 been disclosed, because the amounts are not material.

B. Other acquisitions

During the period the Group acquired the shares of various companies for a total cash consideration of €4.2 million and additional consideration capped at €7.5 million in cash will be payable subject to the achievement of certain operational targets or achieving target EBITDA.

	Fair value on acquisition €'000
Property, plant and equipment	1,466
Intangible assets	2,247
Trade and other receivables	829
Cash and cash equivalent	1,164
Trade and other payables	(2,301)
deferred tax liability	(363)
Net identified assets	3,042
Goodwill	4,055
Non-controlling interest	(284)
Total fair value of consideration	6,813

	€'000
Cash consideration	4,244
Non-current contingent consideration	1,170
Current contingent consideration	2,050
Finance cost arising on discounting of contingent consideration	(651)
Fair value of consideration	6,813
Cash purchased	(1,174)
Net cash payable	5,639

Adjustments to fair value include the following:

	Amount €'000	Amortisation %
IP Technology	2,247	13-25

The main factor leading to the recognition of goodwill is the market participant synergies expected to be created. In accordance with IAS36, the Group will regularly monitor the carrying value of its interest in these acquisitions.

The key assumptions used by management to determine the value in use of the IP Technology within these acquisitions are as follows:

- The income approach, in particular, the 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.

Management has not disclosed the contribution of the acquisitions to Group profit since the acquisitions nor has the impact the acquisitions would have had on the Group's revenue and profits if it had occurred on 1 January 2014 been disclosed, because the amounts are not material.

NOTE 25 – ACQUISITIONS IN PREVIOUS 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 ("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.

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. ("TNT"), a provider of marketing services for the online gaming market. The group paid a total cash consideration of €4.7 million.

NOTE 26 – RELATED PARTIES AND SHAREHOLDERS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party's making of financial or operational decisions, or if both parties are controlled by the same third party. Also, a party is considered to be related if a member of the key management personnel has the ability to control the other party.

Skywind Holdings Limited ("Skywind"), SafeCharge Limited, Crossrider Technologies Ltd ("Crossrider"), Stepbystep Services Limited ("Stepbystep"), Royalfield Limited, Cashton Services Limited, Anise Development Limited and Anise Residential Limited (together "Anise") are related by virtue of a common significant shareholder.

In December 2014, Jean-Pierre Horraiou, who is married to Hilary Stewart-Jones, is the ultimate beneficiary of a trust that owns PT Games Limited, a supplier to the Group, and Niceidea Investments Limited ("Niceidea"), to which the Group advanced a loan of €1.5 million, with a Euribor+3% per annum interest which is repayable on or before July 2019. Jean-Pierre also provides the Group with consultancy services for an annual fee of £150,000.

International Terminal Leasing ("ITL") is a joint venture and the structured agreements are associates of the Group by virtue of the Group's significant influence over those arrangements. The Group commitment to structured agreements is up to a maximum of €9.1 million.

The following transactions arose with related parties:

	2014 €'000	2013 €'000
Revenue including revenue from associates		
Skywind	680	11,585
Stepbystep	655	-
Structured agreements	21,655	-
Share of loss in joint venture	92	2,506
Share of loss in associates	695	-
Operating expenses/(credit)		
SafeCharge Limited	1,599	504
Anise	1,008	916
Skywind, net of capiltalised cost	6,444	6,547
Crossrider	2,079	-
PT Games	507	-
Royalfield Limited	(42)	-
Interest payable		
Niceidea	52	-
The following are year-end balances:		
Niceidea	1,511	458
Stepbystep	655	-
Structured agreements	3,964	-
PT Games Limited	-	145
Total related party receivables	6,130	603
SafeCharge Limited	400	-
Skywind	666	1,515
Crossrider	400	-
PT Games Limited	164	123
Total related party payables	1,630	1,638

Revenue from related parties was made at an arm's length basis at the Group's usual royalty rate. Operating expenses and interest were charged on an arm's length basis at market price.

During the period the Group established an Employee Benefit Trust by acquiring 5,517,241 shares from Brickington Trading Limited ("Brickington"), the Company's largest shareholder, for a total consideration of €48.5 million.

On 31 December 2014, Brickington held 33.61% (31 December 2013: 48.99%) of Playtech plc shares. Brickington has agreed to indemnify Playtech on demand against losses and expenses it suffers by reason of a default by Skywind in the performance of all its obligations under the software licence agreement. Playtech made no payment for this guarantee and there is no balance at the year end.

Mr. Teddy Sagi, the ultimate beneficiary of a trust that owns Brickington, provides advisory services to the Group for a total annual consideration of €1.

The Group also acquired certain assets, which fair value was estimated by management to be immaterial from Cashton Services Limited for a consideration of $1.

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

NOTE 27 – SUBSIDIARIES

Details of the Group's principal subsidiaries as at the end of the year are set out below:

Name	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
Playtech Software Limited	British Virgin Islands	100%	Main trading company of the Group, owns the intellectual property rights and licenses the software to customers.
OU Playtech (Estonia)	Estonia	100%	Designs, develops and manufactures online software
Techplay Marketing Limited	Israel	100%	Marketing and advertising
Video B Holding Limited	British Virgin Islands	100%	Trading company for the Videobet software, owns the intellectual property rights of Videobet and licenses it to customers.
OU Videobet	Estonia	100%	Develops software for fixed odds betting terminals and casino machines (as opposed to online software)
Playtech Bulgaria	Bulgaria	100%	Designs, develops and manufactures online software
PTVB Management Limited	Isle of Man	100%	Management
Evermore Trading Limited	British Virgin Islands	100%	Holding company
Playtech Services (Cyprus) Limited	Cyprus	100%	Activates the ipoker Network in regulated markets. Owns the intellectual property of GTS, Ash and Geneity businesses
VB (Video) Cyprus Limited	Cyprus	100%	Trading company for the Videobet product to Romanian companies
Techplay S.A. Software Limited	Israel	100%	Develops online software
Technology Trading IOM Limited	Isle of Man	100%	Owns the intellectual property rights of Virtue Fusion business
Gaming Technology Solutions Limited	UK	100%	Holding company of VS Gaming and VS Technology
VS Gaming Limited	UK	100%	Develops software and casino games
VS Technology Limited	UK	100%	Develops EdGE platform
Virtue Fusion (Alderney) Limited	Alderney	100%	Online bingo and casino software provider
Virtue Fusion CM Limited	UK	100%	Chat moderation services provider to end users of VF licensees
Playtech Software (Alderney) Limited	Alderney	100%	To hold the company's Alderney Gaming license
Intelligent Gaming Systems Limited	UK	100%	Casino management systems to land based businesses
VF 2011 Limited	Alderney	100%	Holds license in Alderney for online gaming
PT Turnkey Services Limited	British Virgin Islands	100%	Holding company of the Turnkey Services group
PT Turnkey EU Services Limited	Cyprus	100%	Turnkey services for EU online gaming operators
PT Entertenimiento	Bulgaria	100%	Poker & Bingo network for Spain

Name	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
Online EAD			
PT Marketing Services Limited	British Virgin Islands	100%	Marketing services to online gaming operators
PT Operational Services Limited	British Virgin Islands	100%	Operational & hosting services to online gaming operators
Tech Hosting Limited	Alderney	100%	Alderney Hosting services
Paragon International Customer Care Limited	British Virgin Island & branch office in the Philippines	100%	English Customer support, chat, fraud, finance, dedicated employees services to parent company
CSMS Limited	Bulgaria	100%	Consulting and online technical support, data mining processing and advertising services to parent company
TCSP Limited	Serbia	100%	Operational services for Serbia
S-Tech Limited	British Virgin Islands & branch office in the Philippines	100%	Live games services to Asia
PT Advisory Services Limited	British Virgin Islands	100%	Holds PT processing Advisory Ltd
PT Processing Advisory Limited	British Virgin Islands	100%	Advisory services for processing & cashier to online gaming operators
PT Processing EU Advisory Limited	Cyprus	100%	Advisory services for processing & cashier for EU online gaming operators
PT Network Management Limited	British Virgin Islands	100%	Manages the ipoker network
Playtech Mobile (Cyprus) Limited	Cyprus	100%	Holds the IP of Mobenga AB
Playtech Holding Sweden AB Limited	Sweden	100%	Holding company of Mobenga AB
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
Videobet Interactive Sweden AB	Sweden	100%	Trading company for the Aristocrat Lotteries VLT’s
V.B. Video (Italia) S.r.l.	Italy	100%	Trading company for the Aristocrat Lotteries VLT’s
PT Entertainment Services LTD	Antigua	100%	Holding gaming license in the UK

NOTE 28 – 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 €3.1 million (2013: €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 €31 thousands.

B. Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date.

The Group closely monitors the activities of its counterparties and controls the access to its intellectual property which enables it to ensure the prompt collection of customers' balances.

The Group's main financial assets are cash and cash equivalents as well as trade and other receivables and represent the Group's maximum exposure to credit risk in connection with its financial assets. Trade and other receivables are carried on the balance sheet net of bad debt provisions estimated by the Directors based on prior year experience and an evaluation of prevailing economic circumstances.

Wherever possible and commercially practical the Group invests cash with major financial institutions that have a rating of at least A- as defined by Standard & Poors. While the majority of money is held in line with the above policy, a small amount is held at various institutions with no rating. The Group also holds small deposits in Cypriot and Spanish financial institutions, as required by the respective gaming regulators that have a rating below A-. The Group holds approximately 3% of its funds (2013: 28%) in financial institutions below A- rate.

	Total	**Financial institutions with A- and above rating**	**Financial institutions below A- rating**
	€'000	**€'000**	**€'000**
At 31 December 2014	692,347	674,925	17,422
At 31 December 2013	527,394	379,669	147,725

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

	Total	Not past due	1-2 months overdue	More than 2 months past due
	€'000	€'000	€'000	€'000
At 31 December 2014	45,056	30,605	8,423	6,028
At 31 December 2013	41,336	27,602	7,279	6,455

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:

	2014	2013
	€'000	€'000
Provision at the beginning of the year	932	829
Charged to income statement	-	1,566
Utilised	(24)	(1,463)
Provision at end of year	908	932

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, and when the Group holds cash balances, in currencies denominated in a currency other than the functional currency.

The Group's policy is not to enter into any currency hedging transactions.

D. Equity price risk
The Group's balance sheet is exposed to market risk by way of holding some investments in other companies on a short term basis (Note 14). Variations in market value over the life of these investments have or will have an impact on the balance sheet and the income statement.

The directors believe that the exposure to market price risk is acceptable in the Group's circumstances.

The Group's balance sheet at 31 December 2014 includes available-for-sale investments with a value of €24.2 million (2013: €33.7 million) which are subject to fluctuations in the underlying share price.

A change of 1% in shares price will have an impact of €0.2 million on the consolidated statement of comprehensive income and the fair value of the available for sale investments will change by the same amount.

E. Capital disclosures
The Group seeks to maintain a capital structure which enables it to continue as a going concern and which supports its business strategy. The Group's capital is provided by equity and debt funding. The Group manages its capital structure through cash flow from operations, returns to shareholders primarily in the form of dividends and the raising or repayment of debt.

F. Liquidity risk

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

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
2014				
Trade payables	16,426	16,426	-	-
Other accounts payable	36,812	36,812	-	-
Progressive and other operators' jackpots	60,562	45,562	15,000	-
Deferred and contingent consideration	2,911	1,823	-	1,088
Other non-current liabilities	1,284	-	-	1,284
2013				
Trade payables	22,546	22,546	-	-
Loans and borrowings	26,378	26,378	-	-
Other accounts payable	48,544	33,544	15,000	-
Progressive and other operators' jackpots	28,630	28,630	-	-
Deferred consideration	245	-	-	245
Contingent consideration	22,546	22,546	-	-
Other non-current liabilities	26,378	26,378	-	-

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:

	2014 €'000 Fair Value	2014 €'000 Carrying amount	2013 €'000 Fair Value	2013 €'000 Carrying Amount
Cash and cash equivalent	692,347	692,347	527,394	527,394
Available-for-sale investments	24,219	24,219	33,661	33,661
Other assets	84,096	84,096	76,481	76,481
Deferred and contingent consideration	2,911	2,911	28,630	28,630
Convertible bonds	247,040	247,040	-	-
Other liabilities	70,256	70,256	67,777	67,777

Available for sale investments are measured at fair value using level 1. Refer to Note 14 for further detail. These are the Group's only financial assets and liabilities which are measured at fair value.

NOTE 29 – POST BALANCE SHEET EVENTS

Acquisition of Yoyo Games Limited

On 16 February 2015, the Group acquired 100% of the issued share capital of Yoyo Games Limited ("Yoyo"), a UK based provider of Game Maker: Studio™ ("GMS"), a mobile driven cross-platform casual game development technology, for US$16.4 million, of which 30% will be held in escrow for up to 36 months after closing to provide security in respect of claims. In addition, an earn-out consideration retention plan that is expected to add a further US$5.25 million to the aggregate cost.

NOTE 30 – CONTINGENT LIABILITIES

As part of the Board's ongoing regulatory compliance process, the Board continues to monitor legal and regulatory developments and their potential impact on the Group.

Management is not aware of any contingencies that may have a significant impact on the financial position of the Group.

NOTE 31 – OPERATING LEASE COMMITMENT

The Group has a variety of leased properties. The terms of property leases vary from country to country, although they tend to be tenant repairing with rent reviews every 2 to 5 years and many have break clauses. Total operating lease cost in the year was €8.9 million (2013: €5.9 million).

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

	2015 **€'000**	**2014** **€'000**
Not later than one year	11,122	7,831
Later than one year and not later than five years	27,738	21,985
Later than five years	9,121	7,574
	47,981	37,390