Playtech plc

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

Results for the year ended 31 December 2015

Another year of double-digit underlying revenue growth

Playtech (LSE: PTEC) today announces its full year results for the year ended 31 December 2015, together with a trading update for the period to 22 February 2016.

Financial highlights

	2015	2014	Change
Revenues	€630.1m	€457.0m	+38%
Adjusted EBITDA*	€251.9m	€207.1m	+22%
Adjusted Net Profit*/**	€205.9m	€190.8m	+8%
Reported Net Profit**	€135.8m	€140.3m	-3%
Adjusted diluted EPS*	67.5 €c	65.6 €c	+3%
Total dividend per share	28.5 €c	26.4 €c	+8%

* Adjusted numbers relate to certain non-cash and one-off items including amortisation of intangibles on acquisitions, professional costs on acquisitions and irrecoverable deposit and professional fees on abandoned acquisitions, finance costs on acquisitions, change in fair value of available-for-sale investments in the income statement, non-cash accrued bond interest, provision against irrecoverable cash and additional various non-cash charges. full reconciliation between the actual and adjusted results is provided in Note 5.
** Attributable to the owners

- Total revenues up 38% vs 2014 on a reported basis:
  - revenue growth of 26% (excluding acquisitions / adding back the impact of the UK POC tax)
  - 16% growth on a constant currency basis (excluding acquisitions / adding back impact of the UK POC tax)
- Strong growth in adjusted EBITDA with similar underlying adjusted EBITDA margin
- Full year dividend per share up 8%, in-line with growth in adjusted net profit
- Cash balances at year end of €857.9m
  - active discussions for a number of potential acquisitions in the Gaming division
  - in the absence of suitable acquisitions, consideration will be given to returning cash to shareholders
- Further strengthening of the Board with appointments of Paul Hewitt and John Jackson

Operational highlights

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

Financials division

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

Current trading and outlook

- Average daily revenue in the Gaming division for the first 53 days of Q1 2016 was up over 12% on Q1 2015 (18% at constant currency) and up over 2% on Q4 2015 (7% at constant currency) mainly due to growth across the business including improved commercial terms and new customers in Asia
- Markets Limited has seen a strong start to 2016 driven by strong volatility with positive momentum from direct business following improvements to business model
- Momentum in the business and strength of pipeline provides management with confidence in strong growth in 2016 with stronger growth in the Gaming division offsetting lower growth in the Financials division

Alan Jackson, Chairman of Playtech, commented:

"Whilst 2015 was an incredibly busy year for Playtech, our operational performance was stronger than ever, delivering reported revenues up 38% and up 26% on an underlying basis.

“The Gaming division continues to lead the industry and drive our growth. Our pipeline of opportunities continues to be very strong and we expect significant wins in 2016, led by our pioneering omni-channel offering and driven by existing and newly regulated markets. Our newly created Financials division is developing well and we have further improved its business model.

“We have many opportunities for further growth, both organically and through M&A, with active discussions on a number of potential acquisitions in the Gaming division. Should suitable acquisitions not be available, consideration will be given to returning cash to shareholders as we look to maintain an efficient capital structure.

“Taken together, we are confident in strong growth in 2016 and beyond.”

– Ends –

Presentation and live webcast

A presentation for analysts and investors will be held today at 9.00am in the offices of Nomura International, 1 Angel Lane, London, EC4R 3AB. The presentation will be webcast live and on-demand at:

http://www.investis-live.com/playtech/56a74b40d147af0a0030e384/fy15

The presentation will also be accessible via a live conference call:

Dial-in numbers:

United Kingdom	0800 368 0649
All other locations	+44 20 3059 8125

Conference password: Playtech

There will also be a replay available for one week

United Kingdom	0121 260 4861
United States	+1 844 2308 058
All other locations	+44 121 260 4861

Conference reference number: 2345244#

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

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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.

About Playtech

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

Playtech is the gambling industry's leading software and services supplier with more than 120 licensees globally, including many of the world's leading regulated online, retail and mobile operators, land-based casino groups, government sponsored entities such as lotteries, and new entrants opening operations in newly-regulated markets. Its business intelligence-driven gambling software offering includes casino, live casino, bingo, poker and sports betting.

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

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

www.playtech.com

Chairman's statement

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

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

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

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

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

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

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

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

Chief Executive’s review

Overview: another record year of growth

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

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

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

Performance of the Gaming division

<u>Overview</u>

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

Licensees

During the year we achieved many new customer wins, evidencing the strength of our offering. We signed a total of 10 new customers, including Sun Bingo, Marca, win2day, Mr Green and LeoVegas. In addition to new customer wins, we have seen existing customers expanding into new territories, expanding portfolios with us such as portal and mini-games, and strengthening relationships, such as with a single Playtech wallet. With such a strong performance in 2015, our pipeline remains strong and we expect more significant wins in 2016.

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

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

Regulated markets

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

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

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

Other markets across Europe, Latin America and elsewhere are in the process of considering regulations. This trend is inevitable and we expected this to continue in the coming quarters. Many markets across Europe, including Portugal, the Netherlands, Switzerland, Sweden and the Czech Republic are in the process of regulating, as well as various markets in Latin America, such as Brazil, which has indicated that it is in the process of regulating online sports betting. We see significant opportunities to establish ourselves in these markets as Playtech is a natural choice given its ability to provide a combination of best-of-breed technology and services across all channels, its market leading position and proven track record.

Playtech ONE: omni-channel offering

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

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

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

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

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

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

Mobile

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

Product

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

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

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

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

<u>Gaming division performance by vertical</u>

Casino

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

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

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

Services

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

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

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

Bingo

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

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

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

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

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

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

Sport

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

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

In recent years, new digital formats of sports betting, such as tablets and SSBTs (Self Service Betting Terminals), have been introduced in retail sports betting outlets and even over the counter activities are being digitised, introducing new ways for customers to transact in retail environments. In addition, sports betting has been regulated in over 20 markets with a further 15 markets in the process of regulating sports and gaming currently. Such a combination of retail operations transforming into the digital age, together with markets allowing online sports betting, creates a very significant opportunity for operators and Playtech alike.

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

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

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

Land-based

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

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

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

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

Poker

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

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

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

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

Creation of the Financials division

<u>Overview</u>

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

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

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

<u>Changes to the business model of Markets Limited</u>

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

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

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

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

These quality improvements to the business will lay the foundations for future growth through:
- customer acquisition through automated funnels;
- better technology, with a wider offering of instruments;
- enhanced automation of on-boarding processes;
- focus on CRM activities;
- control over brand; and
- strong B2B pipeline extending our reach to new geographies with local regulations.

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

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

Other M&A and investments

<u>Ladbrokes and Gala Coral</u>

Both Ladbrokes and Gala Coral are key licensees of Playtech.

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

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

<u>Yoyo Games</u>

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

Plus500

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

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

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

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

Ava Trade

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

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

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

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

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

Current trading and outlook

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

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

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

Chief Financial Officer's review

Presentation of results

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

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

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

Overview

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

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

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

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

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

Revenue

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

Split of Gaming revenues by vertical

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

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

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

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

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

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

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

Revenues in Financials division

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

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

Adjusted EBITDA & Adjusted EBITDA margin

	2015 €'000	2014 €'000
EBITDA	**234,011**	**197,903**
Irrecoverable deposits and professional fees on abandoned acquisitions	6,792	-
Professional expenses on acquisitions	6,181	212
Employee stock option expenses	4,904	364
Decline in fair value of available for sale investments	-	8,668
Adjusted EBITDA	**251,888**	**207,147**
Adjusted EBITDA margin	**40.0%**	**45.3%**
EBITDA related to acquisitions	(13,374)	(766)
Effect of UK POC tax	17,056	1,068
Underlying adjusted EBITDA	**255,570**	**207,449**
Underlying adjusted EBITDA margin	**44.9%**	**45.9%**

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

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

Cost of operations

	2015 €'000		2014 €'000	
Adjusted operating expenses	378,198		249,833	
Less revenue-driven costs	65,670		37,495	
Adjusted operating expenses excluding revenue-driven costs	**312,528**		**212,337**	
Employee-related costs	183,573	59%	133,034	63%
Cost of service	43,245	14%	32,233	15%
Admin and office costs	28,702	9%	22,753	11%
Other costs	26,129	8%	15,247	7%
Marketing White-label/Financial B2C	19,264	6%	572	-
Travel, exhibition and marketing costs	11,615	4%	8,498	4%
Adjusted operating expenses excluding revenue-driven costs	**312,528**		**212,337**	

Adjusted operating expenses increased €128.4m, an increase of 51%, from €249.8m to €378.2m in 2015. €56.0 of the €128.3m increase came from acquisitions. The underlying operating expenses (excluding acquisitions and the effect of the UK POC tax), increased by 28%, in line with the 26% growth in underlying revenues. Excluding acquisitions, the effect of the UK POC tax and on a constant currency basis, adjusted operating expenses increased by 21% to €295.9.

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

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

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

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

Finance income, financial cost and tax

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

Adjusted financing costs increased from €0.7m in 2014 to €5.9m in 2015, due to interest on the new credit facilities and a one off facility establishment cost.

The Company is tax registered, managed and controlled from the Isle of Man, where the corporate tax rate is set at zero. The Group's trading subsidiaries are registered either in the Isle of Man, British Virgin Islands, Alderney, Gibraltar or Cyprus, where effective tax rates are low or set at zero. Other subsidiaries (normally related to the Group's development centres) are located in other jurisdictions and operate on a cost plus basis, and are taxed on their residual profits. The tax charge in 2015 was €5.4m (H1 2014: €2.9m).

Adjusted profit and adjusted EPS

	2015 €'000	**2014 €'000**
Profit attributable to owners of the parent	135,810	140,327
Amortisation on acquisitions	41,751	39,057
Non-cash accrued bond interest	9,388	1,113
Professional expenses on potential acquisitions	6,792	-
Professional costs on acquisitions	6,181	212
Employee stock option expenses	4,904	364
Movement in deferred and contingent consideration	1,088	439
Decline in fair value of available for sale investments	-	8,668
Provision against irrecoverable cash	-	593
Adjusted profit attributable to owners of the parent	**205,914**	**190,773**
Adjusted basic EPS (in Euro cents)	**67.5**	**65.9**
Adjusted diluted EPS (in Euro cents)	**67.4**	**65.6**
Adjusted net profit related to acquisitions	(8,720)	413
Intangible asset write off	1,210	-
One-off facility costs	1,550	-
Share of associate investments acquired	5,856	695
Effect of UK POC tax	17,056	1,068
Underlying adjusted profit for the year - attributable to owners of the parent	**222,866**	**192,949**

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

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

Cashflow

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

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

Balance sheet and financing

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

Progressive, operators' jackpots and security deposits was €63.3m, an increase of €5.9m. And client funds increase by €40.5m to €43.8m, mainly due to Markets client funds. Cash and cash equivalents net of cash held on behalf of client funds, progressive jackpot and security deposit is €750.8m

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

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

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

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

Dividend

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

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

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

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

Timetable:

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

Principal risks and uncertainties

The key risks, which will be discussed further including how they are being addressed in Playtech's 2015 Annual Report (which will be available in the investor relations section of the corporate website), are:

Risks relating to both the Gaming division and Financials division

- **Regulation – licensing requirements**
  The Group holds a number of licences for its activities from regulators. Loss of all or any of these licences may adversely impact on the revenues and/or reputation of the Group.

- **Regulation – changing landscape**
  Group revenues could be impacted by changes in regulations, or failure to obtain any necessary licences.

- **Regulation – local requirements**
  New licensing regimes may impose conditions, such as the requirement to locate significant technical infrastructure within the relevant territory or establish and maintain real-time data interfaces with the regulator that present operational challenges, or may prohibit the ability of licensees to offer the full range of the Group's products.

- **Taxation**
  Given the environment in which the Group operates, the business is exposed to continuously evolving rules and practices governing the taxation of e-commerce activity in various jurisdictions. Adverse changes to tax rules may increase the Group's underlying effective tax rate and reduce profits available for distribution

- **Economic Environment**
  Any downturn in consumer discretionary and macroeconomic factors outside of Playtech's control could result in reduced spend by consumers on gambling and financial trading and the Group's revenues would fall.

- **Cash Management – Use of Cash**
  Playtech has significant cash balances, which may be used to acquire other businesses. Such acquisitions may not deliver the expected synergies and/or benefits and may destroy shareholder value. In addition, foreign exchange exposures could impact on the Group's financial position.

- **Key Employees**
  The Group's future success depends in large part on the continued service of a broad leadership team including Executive Directors, senior managers and key personnel. The development and retention of these employees along with the attraction and integration of new talent cannot be guaranteed.

- **Business Continuity & IT Security**
  The risk of impairment to our operations for example through Cyber and distributed denial of service (DDoS) attacks, technology failure or terrorist attack continues to be one that the Group considers to be significant. Failure in our systems could significantly affect the services offered to our licensees.

Additional risks relating to the Gaming division

- **Competitive landscape**
  The gambling industry is extremely competitive and so is the related software and services industry that supports it. Failure to compete effectively may result in the loss of licensees and also the inability to attract new licensees.

Additional risks relating to the Financials division

- **Market exposure**
  The fair value of financial assets and financial liabilities could adversely fluctuate due to movements in market prices of foreign exchange rates, commodity prices, equity and index prices

- **Regulatory – capital adequacy**
  The requirement to maintain adequate regulatory capital may affect the Group's ability to conduct its business and may reduce profitability

- **Trading volume**
  Low volatility within foreign exchange rates, commodity prices, equity and index prices may reduce profitability

Directors' responsibility statement

We confirm to the best of our knowledge;

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

The directors of Playtech plc are listed in the Group's Annual Report and Accounts for the year ended 31 December 2015. A list of current directors is maintained on Playtech's website, www.playtech.com

By order of the Board,

Mor Weizer
Chief Executive Officer
25 February 2015

Ron Hoffman
Chief Financial Officer
25 February 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

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

Owners of the parent		135,810	205,914	140,327	190,773
Non-controlling interest		495	495	391	391
		136,305	**206,409**	**140,718**	**191,164**
Total comprehensive income attributable to:					
Owners of the parent		140,236	210,340	139,553	189,999
Non-controlling interest		720	720	391	391
		140,956	**211,060**	**139,944**	**190,390**
Earnings per share for profit attributable to the owners of the parent during the year:					
Basic (cents)	9	44.5	67.5	48.4	65.9
Diluted (cents)	9	44.5	67.4	48.2	65.6

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

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

Trust									
Exercise of options	1,587	-	(6,292)	12,391	-	-	7,686	-	7,686
Issue of convertible bonds	-	-	-	-	45,392	-	45,392	-	45,392
Purchase of share options	-	-	(706)	-	-	-	(706)	-	(706)
Employee stock option scheme	-	-	365	-	-	-	365	-	365
Acquisition of minority interest	-	-	-	-	-	-	-	284	284
Balance at 31 December 2014	**324,774**	**804**	**537,692**	**(36,154)**	**45,392**	**-**	**872,508**	**675**	**873,183**

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2015

	Note	2015 €'000	2014 €'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	51,337	38,319
Intangible assets	12	750,872	381,145
Investments in equity accounted associates & joint ventures	13	51,778	33,826
Available for sale investments	14	237,100	24,219
Other non-current assets	15	20,830	16,644
		1,111,917	**494,153**
CURRENT ASSETS			
Trade receivables	16	74,632	45,056
Other receivables	17	27,806	22,396
Cash and cash equivalents	18	857,898	692,347
		960,336	**759,799**
TOTAL ASSETS		**2,072,253**	**1,253,952**
EQUITY			
Additional paid in capital	19	638,209	324,774
Available-for-sale reserve		1,964	804
Employee Benefit Trust	19	(27,495)	(36,154)
Convertible bonds option reserve	21	45,392	45,392
Foreign exchange reserve		3,266	-
Retained earnings		592,051	537,692
Equity attributable to equity holders of the parent		**1,253,387**	**872,508**
Non-controlling interest		7,308	675
TOTAL EQUITY		**1,260,695**	**873,183**
NON CURRENT LIABILITIES			
Loans and borrowings	20	200,000	-
Convertible bonds	21	256,429	247,040

Deferred revenues		3,235	6,398
Deferred tax liability	24	14,049	4,904
Progressive operators' jackpots, security deposits		-	15,000
Contingent consideration	22	141,347	1,088
Other non-current liabilities		1,175	1,284
		616,235	**275,714**
CURRENT LIABILITIES			
Trade payables	23	17,411	16,426
Progressive operators' jackpots, security deposits		63,340	42,367
Client funds		43,761	3,195
Tax liabilities		5,910	990
Deferred revenues		4,355	3,442
Contingent consideration	22	4,491	1,823
Other payables	25	56,055	36,812
		195,323	**105,055**
TOTAL EQUITY AND LIABILITIES		**2,072,253**	**1,253,952**

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

Mor Weizer	**Ron Hoffman**
Chief Executive Officer	**Chief Financial Officer**

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

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	692,347	527,394
Exchange gains on cash and cash equivalents	10,578	16,046
CASH AND CASH EQUIVALENTS AT END OF YEAR	**857,898**	**692,347**

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

Acquisition of subsidiary, net of cash acquired

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

NOTE 1 – GENERAL

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

Basis of preparation

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

The financial information set out in this document does not constitute the Group's statutory accounts for the year ended 31 December 2015 or 31 December 2014. The annual report and financial statements for the year ended 31 December 2015 were approved by the Board of Directors on 25 February 2016 along with this preliminary announcement. The auditor's report on the statutory accounts for both the year ended 31 December 2015 and 31 December 2014 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 2015.

New standards, interpretations and amendments effective from 1 January 2015

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

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

Basis of consolidation

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

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

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

Foreign currency

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

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

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

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

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

Revenue recognition

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

Royalty income

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

Trading income

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

Fixed-fee income

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

Fixed-term arrangements

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

Distribution costs

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

Share-based payments

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

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

Income taxes and deferred taxation

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

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

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

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

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

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

Dividend distribution

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

Property, plant and equipment

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

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

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

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

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

Business combinations

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

Investments in subsidiary undertakings

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

Intangible assets

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

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

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

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

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

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

Goodwill

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

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

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

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

Impairment of non-financial assets

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

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

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

Associates and structured agreements

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

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

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

Joint ventures

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

The Group classifies its interests in joint arrangements as either:

Joint ventures – where the group has rights to only the net assets of the joint arrangement; or

Joint operations – where the group has rights to both the assets and obligations for the liabilities of the joint arrangement.

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

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

The Group accounts for its interests in joint ventures in the same manner as investments in

Associates (i.e. using the equity method – refer above).

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

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

Financial assets

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

Loans and receivables

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

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

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

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

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

Available-for-sale financial assets

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

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

Financial liabilities

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

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

The Group’s liability in connection with client funds includes customer deposits offset by the fair value of open positions, the movement on which is recognised through profit or loss. Such open positions are classified as short term financial derivatives in the balance sheet.

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

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

Fair value measurement hierarchy

IFRS 7 requires certain disclosure which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement (see note 30). The fair value hierarchy has the following levels:

a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

b) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. – derived from prices) (Level 2); and

c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

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

Share capital

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

Employee Benefit Trust

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

Convertible bond

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

Long term liabilities

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

Provisions

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

Leases

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

Non-controlling interests

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

Adjusted results

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

Such exclusions include:

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

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

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

A full reconciliation of adjustments is included in note 5.

NOTE 3 – CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

Estimates and assumptions

Impairment of goodwill and other intangibles

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

Amortisation of development costs and other intangible assets and the useful life of property, plant and equipment

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

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

Compliance risk- Legal, regulatory and taxation

Legal proceedings and contingent liabilities

Management regularly monitors the key risks affecting the Group, including the regulatory environment in which the Group operates. A provision will be made where there is a present obligation from a past event, a transfer of economic benefits is probable and the amount of costs of the transfer can be estimated reliably. In instances where the criteria are not met, a contingent liability may be disclosed in the notes to the financial information. More details are included in Note 31.

Income taxes

The Group is subject to income tax in jurisdictions in which its companies are incorporated and registered and judgment is required in determining the provision for income taxes. The Group is basing its tax provisions on current (and enacted but not yet implemented) tax rules and practices, together with advice received from professional advisers, and believes that its accruals for tax liabilities are adequate for all open enquiry years based on its assessment of many factors including past experience and interpretations of tax law. The Group constantly monitors changes in legislation and update its accruals accordingly. The principal risks relating to the Group's tax liabilities, and the sustainability of the underlying effective tax rate, arise from domestic and international tax laws and practices in the e-commerce environment continuing to evolve, including the corporate tax rates in jurisdictions where the Group has a significant asset or people presence. More details are included in Note 8.

Regulatory

The Group's subsidiary, Safecap investments Limited ("Safecap"), is primarily regulated by the Cyprus Securities and Exchange Commission. The regulatory environment is regularly changing and imposes significant demands of the resources of the subsidiary. As the subsidiary's activities expand, offering new products and penetrating new markets, these regulatory demands will inevitably increase. The increasing complexity of the Group's operations require training and recruitment be tailored to meet these regulatory demands and the costs of compliance are expected to increase.

In addition to the above, Safecap manages it capital resources on the basis of capital adequacy requirements as prescribed it regulator, together with its own assessment of other business risks and sensitivities which may impact the business. Capital adequacy requirements are monitored on a real-time basis, including a 'buffer' which is deemed sufficient by management to ensure that capital requirements are not breached at any time.

Structured agreements

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

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

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

Share-based payments

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

Determination of fair value of intangible assets acquired on business combinations

The fair value of the intangible assets acquired is based on the discounted cash flows expected to be derived from the use of the asset. Further information in relation to the determination of fair value of intangible assets acquired is given in Notes 26 and 27.

Determination of the fair value of contingent consideration

The fair value of contingent consideration is based on the probability of expected cash flow outcomes and the assessment of present values using appropriate discount rates. Further information in relation to the determination of the fair value of contingent consideration is given in Note 26 and 27.

NOTE 4 – SEGMENT INFORMATION

The Group's reportable segments are strategic business units that offer different products and services.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the management team including the Chief Executive Officer and the Chief Financial Officer.

The operating segments identified are:

- Gaming: including Casino, Services, Sport, Bingo, Poker and Land-based
- Financial: including CFD

The Group-wide profit measures are adjusted EBITDA and adjusted net profit (see Note 5). Management believes the adjusted profit measures represent more closely the underlying trading performance of the business. No other differences exist between the basis of preparation of the performance measures used by management and the figures in the Group financial information.

There is no allocation of operating expenses, profit measures, assets and liabilities to individual products within the segments.

Year ended 31 December 2015

	Casino	Services	Sport	Land-based	Bingo	Poker	Other	Total Gaming	Total Financial	Consolidated
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Total revenue	308,712	155,625	32,206	29,749	20,468	11,241	12,079	570,080	60,006	630,086
adjusted EBITDA								236,022	15,866	251,888
adjusted net profit								192,176	14,233	206,409
Total assets								1,911,203	161,050	2,072,253
Total liabilities								672,164	139,394	811,558

Year ended 31 December 2014

	Casino	Services	Sport	Land-based	Bingo	Poker	Other	Total Gaming
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Total revenue	244,235	132,792	26,306	16,612	17,468	13,813	5,754	456,980

In 2015, there were two licensees (2014: Three licensees) who individually accounted for more than 10% of the total gaming revenue and the total revenue of the Group. Aggregate revenue from these licensees totaled €192.3 million (2014: €185.9 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.

	2015	2014
	€'000	€'000
Philippines	199,608	134,052
UK	179,510	23,672
Rest of World	65,025	55,610
Antigua	53,512	63,302
Gibraltar	30,285	103,148
Italy	15,591	13,299
Malta	10,798	15,867
Curacao	10,426	13,614
Alderney	5,325	34,416
	570,080	456,980

Geographical analysis of non-current assets

The Group's information about its non-current assets by location of the domicile are detailed below:

	2015	2014
	€'000	**€'000**
Isle of Man	675,154	183,300
British Virgin Islands	205,325	215,876
Cyprus	76,436	32,974
Luxemburg	65,884	-
Sweden	19,194	20,255
Netherland	18,579	7,990
Latvia	11,069	-
UK	10,220	5,229
Rest of World	30,056	28,529
	1,111,917	494,153

The Group's information about its non-current assets by location of the assets are detailed below:

	2015	2014
	€'000	**€'000**
Isle of Man	515,013	163,489
UK	236,235	25,040
British Virgin Islands	194,240	211,468
Cyprus	76,436	32,974
Sweden	19,194	20,255
Netherland	18,579	7,990
Philippines	12,929	6,537
Latvia	11,069	2,670
Rest of World	28,222	23,730
	1,111,917	494,153

NOTE 5 – ADJUSTED ITEMS

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

	2015 €'000	2014 €'000
Distribution costs before depreciation and amortisation	331,705	211,756
Employee stock option expenses	(3,914)	(314)
Adjusted distribution costs before depreciation and amortisation	327,791	211,442
Administrative expenses before depreciation and amortisation	64,370	47,321
Employee stock option expenses	(990)	(50)
Professional fees on acquisitions	(6,181)	(212)
Irrecoverable deposit and professional fees on abandoned acquisitions	(6,792)	-
Decline in fair value of available-for-sale investment	-	(8,668)
Total adjusted items	(13,963)	(8,930)
Adjusted administrative expenses before depreciation and amortisation	50,407	38,391
Depreciation – distribution costs	12,653	8,300
Depreciation – administrative costs	1,925	1,365
Amortisation – distribution costs	69,610	60,125
Impairment	1,210	-
Total depreciation and amortisation	85,398	69,790
Amortisation of intangibles on acquisitions – distribution costs	(41,751)	(39,057)
Adjusted depreciation and amortisation	43,647	30,733

Revenue	630,086	456,980
Revenue related to acquisitions	(74,162)	(5,601)
Adjustment due to UK Point of Consumption ("POC") tax	13,259	906
Underlying revenue	569,182	452,284
EBITDA	234,011	197,903
Decline in fair value of available-for-sale investments	-	8,668
Employee stock option expenses	4,904	364
Professional expenses on acquisitions	6,181	212
Irrecoverable deposit and professional fees on abandoned acquisitions	6,792	-
Adjusted EBITDA	251,888	207,147
EBITDA related to acquisitions	(13,374)	(766)
Adjustment due to UK POC tax	17,056	1,068
Underlying adjusted EBITDA	255,570	207,449
Profit for the year- attributable to owners of parent	135,810	140,327
Amortisation of intangibles on acquisitions	41,751	39,057
Decline in fair value of available-for-sale investments	-	8,668
Employee stock option expenses	4,904	364
Professional expenses on acquisitions	6,181	212
Irrecoverable deposit and professional fees on abandoned acquisitions	6,792	-
Non-cash accrued bond interest	9,388	1,113
Movement in deferred and contingent consideration	1,088	439
Provision against irrecoverable cash	-	593
Adjusted profit for the year - attributable to owners of the parent	205,914	190,773
Adjusted net profit related to acquisitions	(8,720)	413
Impairment	1,210	-
One off facility costs	1,550	-
Share of loss from associates	5,856	695
Effect of UK POC tax	17,056	1,068
Underlying adjusted profit for the year - attributable to owners of the parent	222,866	192,949

NOTE 6 – EBITDA

EBITDA is stated after charging:

	2015 €'000	2014 €'000
Directors compensation		
Short-term benefits of directors	2,359	1,635
Share-based benefits of directors	444	4
Bonuses to executive directors	1,942	1,725
	4,745	3,364
Auditor's remuneration		
Audit services:		
Parent company and Group audit	529	395
Audit of overseas subsidiaries	571	381
Total Audit fees	1,100	776
Non-audit services:		
Other acquisition and assurance services	943	397
Taxation compliance	213	23
Total Non-audit fees	1,156	420
Development costs (including capitalised development costs of €29.7 million (2014: €20.1 million)	80,988	48,707

NOTE 7 – FINANCING INCOME AND COSTS

	2015 €'000	2014 €'000
A. Finance income		
Interest received	1,741	1,551
Dividends received from available-for-sale investments	2,311	1,560
Exchange differences	10,579	16,046
	14,631	19,157
B. Finance cost		
Finance cost – movement in contingent consideration	(1,088)	(439)
Interest expenses on convertible bonds	(10,873)	(1,287)
One-off provision against irrecoverable cash	-	(593)
Bank charges and interest paid	(3,705)	(523)
	(15,666)	(2,842)
Net financing income	**1,035**	**16,315**

NOTE 8 – TAXATION

	2015 €'000	2014 €'000
Current income tax		
Income tax on profits of subsidiary operations	7,759	3,953
Deferred tax (Note 24)	(2,113)	(1,030)
Total tax charge	5,646	2,923

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

	2015 €'000	2014 €'000
Profit before taxation	141,951	143,641
Tax at effective rate in Isle of Man	-	-
Higher rates of current income tax in overseas jurisdictions	5,646	2,923

The group is tax registered, managed and controlled from the Isle of Man where the corporate tax rate is set to zero. The majority of profits arise in Isle of Man and British Virgin Islands, in which the corporate tax is set to zero as well. The Group's subsidiaries are located in different jurisdictions. The subsidiaries are taxed on their residual profit.

The deferred tax is due to the reversal of temporary differences arising on the acquisition of certain businesses in the current and prior years.

NOTE 9 – EARNINGS PER SHARE

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

		2015		**2014**
	Actual	**Adjusted**	**Actual**	**Adjusted**
	€'000	**€'000**	**€'000**	**€'000**
Profit for the year attributable to owners of the parent	135,810	205,914	140,327	190,773
Basic (cents)	44.5	67.5	48.4	65.9
Diluted (cents)	44.5	67.4	48.2	65.6

	Number	**Number**
	2015	**2014***
Denominator – basic		
Weighted average number of equity shares	305,086,266	289,658,548
Denominator – diluted		
Weighted average number of equity shares	305,086,266	289,658,548
Weighted average number of option shares	411,618	1,209,873
Weighted average number of shares	305,497,884	290,868,421

As at 31 December 2015, out of the entire share options outstanding none (2014: 10,667) have been excluded from the calculation of diluted EPS as their exercise price is greater than the weighted average share price during the year (i.e. they are out of the money) and therefore it would not be advantageous for the holders to exercise those options. The total number of options in issue is disclosed in Note 10.

*2014 comparable was recalculated to reflect the exclusion of the Group's EBT.

NOTE 10 – EMPLOYEE BENEFITS

Total staff costs comprise the following:

	2015 €'000	2014 €'000
Salaries and employee-related costs	219,676	157,579
Employee stock option costs	4,904	364
	224,580	157,943
Average number of employees:		
Distribution	4,837	3,738
General and administration	324	234
	5,161	3,972

The Group has the following employee share option plans ("ESOP") for the granting of non-transferable options to certain employees:

- Playtech 2005 Share Option Plan ("the Plan") and Israeli plans, options granted under the plans vest on the first day on which they become exercisable which is typically between one to four years after grant date.
- GTS 2010 Company Share Option Plan ("CSOP"), options granted under the plan vest on the first day on which they become exercisable which is three years after grant date.
- Long Term Incentive Plan 2012 ("LTIP"), awards (options, conditional awards or a forfeitable share award) granted under the plan vest on the first day on which they become exercisable which is typically between eighteen to thirty six months after grant date.

The overall term of the ESOP is five to ten years. These options are settled in equity once exercised. Option prices are either denominated in USD or GBP, depending on the option grant terms.

During 2012, the Group amended some of the rules of the equity based Plan. The amendments allow the Group, at the employees consent, to settle fully vested and exercisable options for cash instead of issuing shares.

The Group granted 156,716 and 203,487 nil cost awards in the end of 2014 and 2015 respectively.

At 31 December 2015, options under these schemes were outstanding over:

	2015 Number	2014 Number
Shares vested on 30 November 2008 at an exercise price of £1.45 per share	-	38,899
Shares vested between 21 June 2007 and 21 June 2009 at an exercise price of $5.75 per share	1,667	6,867
Shares vested between 21 June 2007 and 21 June 2009 at an exercise price of £3.16 per share	10,000	10,000
Shares vested between 11 December 2007 and 11 December 2009 at an exercise price of $4.35 per share	-	25,000
Shares vested between 11 December 2007 and 11 December 2009 at an exercise price of £2.21 per share	5,334	22,334
Shares vested between 16 May 2008 and 16 May 2010 at an exercise price of £3.79 per share	-	8,000
Shares vested between 18 June 2008 and 18 June 2010 at an exercise price of $7.79 per share	-	4,900
Shares vested between 18 June 2008 and 18 June 2010 at an exercise price of £3.96 per share	6,267	14,084
Shares vested between 31 December 2008 and 31 December 2010 at an exercise price of $7.68 per share	3,000	3,000
Shares vested between 31 December 2008 and 31 December 2010 at an exercise price of £3.86 per share	7,000	12,667
Shares vested between 10 October 2008 and 10 October 2011 at an exercise price of £3.51 per share	-	75,000
Shares vested between 25 April 2009 and 25 April 2012 at an exercise price of £4.35 per share	10,000	40,000
Shares vested between 28 November 2009 and 28 November 2012 at an exercise price of £3.20 per share	37,518	49,689
Shares vested on 22 May 2012 at an exercise price of £4.155 per share	20,000	95,000
Shares vested between 18 April 2012 and 18 April 2013 at an exercise price of £5.12 per share	23,200	73,000
Shares vested between 3 June 2012 and 3 June 2013 at an exercise price of £4.84 per share	-	7,500
Shares vested between 26 August 2012 and 26 August 2013 at an exercise price of £4.16 per share	37,111	70,633
Shares vested on 10 March 2014 at an exercise price of £3.5225 per share	73,000	283,300
Shares vested on 23 June 2015 at an exercise price of £3.48 per share	13,000	370,000
Shares will vest between 17 June 2016 and 17 June 2017 at	57,425	-

	2015 Number	2014 Number
nil cost		
Shares will vest on 1 March 2017 at nil cost	99,291	-
Shares will vest on 1 March 2018 at nil cost	146,919	-
Shares will vest between 1 September 2016 and 1 March 2018 at nil cost	56,568	-
	607,300	**1,209,873**

Total number of shares exercisable as of 31 December 2015 is 247,097 (2014: 839,873).

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

	2015 Number of options	2014 Number of options	2015 Weighted average exercise price	2014 Weighted average exercise price
Outstanding at the beginning of the year	1,209,873	3,021,223	$5.27, £3.64	$4.36, £3.70
Granted	360,203	-	nil	nil
Forfeited	(25,041)	(12,869)	£4.44	£3.42
Exercised	(937,735)	(1,798,481)	$4.99, £3.64	$7.5, £3.72
Outstanding at the end of the year	**607,300**	**1,209,873**	**$6.99, £1.52**	**$5.27, £3.64**

Nil options exercised during the year (2014: 113,869) where a cash alternative was received.

The weighted average share price at the date of exercise of options was £8.036 (2014: £7.36).

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

Expiry date	Exercise price	2015 Number	2014 Number
1 December 2015	$2.50 and between £1.45 and £2.32	-	38,899
Between 6 February 2016 and 11 December 2016	Between $4.35 and $5.75 and between £1.72 and £3.16	17,001	64,201
Between 15 May 2017 and 31 December 2017	Between $7.19 and $7.79 and between £3.39 and £3.96	16,267	117,651
Between 25 April 2018 and 31 December 2018	$4.35 and between £3.17 and £5.31	47,518	89,689
Between 22 May 2019 and 6 November 2019	Between £3.70 and £4.16	20,000	95,000
Between 18 April 2020 and 26 August 2020	Between £4.16 and £5.12	60,311	151,133
Between 10 March 2021 and 16 December 2021	Between £2.30 and £3.52	73,000	283,300
21 June 2022	£3.48	13,000	370,000
17 December 2024	Nil	156,716	-
17 December 2025	Nil	203,487	-
		607,300	**1,209,873**

Markets ESOP

Options granted under TradeFX 2009 Global Share Option Plan ("TradeFX Plan") vest on the first day on which they become exercisable which is typically between one to four years after grant date.

As of the date of acquisition of Markets total outstanding unvested share options amount was 172,386. Markets options were granted between 2010 and 1 April 2015: 7,375 with exercise price of $4, 17,325 options with exercise price of $12 and 147,686 with exercise price of $70. All share are in the money as of 31 December 2015.

In the period since the acquisition date and until 31 December 2015, 3,062 options were forfeited and 425 were exercised. The options are exercised into Markets shares and therefore dilute the Group's holding percentage.

As of 31 December 2015, 168,999 options are outstanding, of this 19,752 are vested and exercisable.

NOTE 11 – PROPERTY, PLANT AND EQUIPMENT

	Computers and gaming machines €'000	Office furniture and equipment €'000	Motor vehicles €'000	Buildings and Leasehold and buildings improvements €'000	Total €'000
Cost					
At 1 January 2014	39,577	2,885	491	8,909	51,862
Additions	16,033	2,745	40	6,346	25,164
Acquired through business combinations	542	637	-	350	1,529
Disposals	(1,295)	(546)	(75)	(264)	(2,180)
At 31 December 2014	54,857	5,721	456	15,341	76,375
Accumulated depreciation					
At 1 January 2014	26,895	1,073	136	1,923	30,027
Charge	7,623	929	94	1,019	9,665
Disposals	(901)	(421)	(50)	(264)	(1,636)
At 31 December 2014	33,617	1,581	180	2,678	38,056
Net Book Value					
At 31 December 2014	21,240	4,140	276	12,663	38,319
At 31 December 2013	12,682	1,812	355	6,986	21,835

	Computers and gaming machines €'000	Office furniture and equipment €'000	Motor vehicles €'000	Buildings and Leasehold and buildings improvements €'000	Total €'000
Cost					
At 1 January 2015	54,857	5,721	456	15,341	76,375
Additions	13,435	2,490	202	11,200	27,327
Acquired through business combinations	621	435	-	66	1,122
Disposals	(1,723)	(190)	(144)	(9)	(2,066)
Foreign exchange Movements	1	3	-	-	4
At 31 December 2015	67,191	8,459	514	26,598	102,762
Accumulated depreciation					
At 1 January 2015	33,617	1,581	180	2,678	38,056
Charge	10,770	1,856	83	1,869	14,578
Disposals	(976)	(172)	(61)	-	(1,209)
Foreign exchange Movements	-	-	-	-	-
At 31 December 2015	43,411	3,265	202	4,547	51,425
Net Book Value					
At 31 December 2015	23,780	5,194	312	22,051	51,337

NOTE 12 – INTANGIBLE ASSETS

	Patents, Domain names and license €'000	Technology IP €'000	Development costs €'000	Customer List & Affiliates €'000	Goodwill €'000	Total €'000
Cost						
As of 1 January 2014	22,576	20,881	66,514	220,853	197,208	528,032
Additions	592	1,670	21,806	3,989	-	28,057
Assets acquired on business combinations	-	4,110	1,825	1,998	7,889	15,822
As of 31 December, 2014	23,168	26,661	90,145	226,840	205,097	571,911
Accumulated amortisation						
As of 1 January 2014	6,682	10,346	28,615	89,268	-	134,911
Provision	1,992	2,803	15,731	35,329	-	55,855
As of 31 December 2014	8,674	13,149	44,346	124,597	-	190,766
Net Book Value						
As of 31 December 2014	14,494	13,512	45,799	102,243	205,097	381,145
As of 31 December 2013	15,894	10,535	37,899	131,585	197,208	393,121

	Patents, Domain names & License €'000	Technology IP €'000	Development costs €'000	Customer List & Affiliates €'000	Goodwill €'000	Total €'000
Cost						
As of 1 January 2015	23,168	26,661	90,145	226,840	205,097	571,911
Additions	4,331	-	31,357	-	-	35,688
Assets acquired on business combinations	35,059	16,416	2,177	81,536	261,834	397,022
Written off of an intangible asset	-	-	(1,210)	-	-	(1,210)
Foreign exchange Movements	333	105	41	775	2,282	3,536
As of 31 December, 2015	62,891	43,182	122,510	309,151	469,213	1,006,947
Accumulated amortisation						
As of 1 January 2015	8,674	13,149	44,346	124,597	-	190,766
Provision	5,713	3,930	20,249	35,448	-	65,340
Foreign exchange Movements	(6)	(25)	30	(30)	-	(31)
As of 31 December 2015	14,381	17,054	64,625	160,015	-	256,075
Net Book Value						
As of 31 December 2015	48,510	26,128	57,885	149,136	469,213	750,872

The Group amortisation charge of €69.6 million also includes €4.2 million (2014: €4.2 million) in relation to the release of the buyout of reseller agreement (note 15 and 17).

In accordance with IAS 36, the Group regularly monitors the carrying value of its intangible assets, including goodwill. Goodwill is allocated to fourteen (2014: twelve) cash generating units (“CGU”) Management determines which of those CGU’s are significant in relation to the total carrying value of goodwill as follows:

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

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

- Markets, with a carrying value of €240.6 million (2014: nil)
- Services, with a carrying value of €108.6 million (2014: €98.1 million);
- Casino product, with a carrying value of €34.0 million (2014: €27.1 million);
- Yoyo, with a carrying value of €13.2 million (2014: nil); and

The recoverable amounts of all the CGUs have been determined from value in use calculations based on cash flow projections from formally approved budgets covering one year period to 31 December 2016 in addition to 2-3 years period forecasts. Beyond this period, management has applied an annual growth rate of between 2% and 5% based on the underlying economic environment in which the CGU operates. Management has applied a discount rates to the cash flow projections between 12.0% and 18.4% (2014: between 15.0% and 17.4%).

The results of the review indicated that there was no impairment of goodwill at 31 December 2015. Management has also reviewed the key assumptions and forecasts for the customer lists, brands and affiliates, applying the above same key assumptions. The results of the reviews indicated that there was no impairment of the intangible assets at 31 December 2015.

NOTE 13 – INVESTMENTS IN EQUITY ACCOUNTED ASSOCIATES & JOINT VENTURES

	2015 €’000	2014 €’000
Investment in joint ventures comprise:		
A. Investment in International Terminal Leasing	3,388	5,521
Investment in equity accounted associates:		
B. Investment in associates	17,254	15,328
C. Investment in structured agreements	31,136	12,977
	51,778	33,826

A. Investment in International Terminal Leasing

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

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

The Group received a return on investments of €2.4 million during the year (2014: €3.4 million).

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

	€'000
Investment in joint venture at 31 December 2014	5,521
Share of profit in joint venture	229
Return of investment	(2,362)
Investment in joint venture at 31 December 2015	3,388

B. Investment in associates

Investment in BGO

In August 2014, the Group acquired 33.33% of the shares of BGO Limited for a total consideration of £10 million (€12.5 million). During the year the Group invested additional £0.7 million (€0.9 million).

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

Other individually immaterial investments

During the year the Group acquired non-controlling interest in several companies for a total consideration of €6.6 million and €0.3 million additional consideration to non-controlling investments acquired in previous years (2014: €2.6 million were reclassified from other non-current assets to investment in associates and additional €0.9 million was invested).

Total associates:

	€'000
Investment in associates at 1 January 2015	15,328
Investment in associates in the year	7,783
Investment in associate acquired on business combination	438
Share of loss	(5,856)
Disposal of investment in associate	(439)
Investment in associates at 31 December 2015	17,254

Aggregated amounts relating to BGO Limited are as follows:

	2015	2014
	€'000	€'000
Total non-current assets	1,667	206
Total current assets	8,676	14,236
Total current liabilities	(6,954)	(3,800)
Revenues	28,972	4,733
Loss	(12,762)	(2,203)

C. Investment in structured agreements

During the year the Group entered into three new structured agreements, which include agreements covering software licensing and services provisions, for total cash investment of €8.9 million and additional €9.3 million invested in existing agreements (2014: three agreements of a total cash investment of €13.0). These structured agreements are individually immaterial.

Ladbrokes software and services agreement

In 2013, Group entered into a landmark transaction with Ladbrokes plc ("Ladbrokes"), which includes three significant agreements covering software licensing, marketing and advisory services.

As part of the advisory services agreement, the Group through its marketing division will have significant influence over the financial and operational decision making of the Ladbrokes digital business. The Group will receive a share of profit based on the EBITDA performance of the Ladbrokes digital business in the financial year ended 31 December 2017 over and above that achieved in the financial year ended 31 December 2012, as adjusted (the "Base EBITDA").

On 27 July 2015, the Group agreed to an early settlement of its marketing services.

With effect and subject to the Completion of the merger between Ladbrokes and Coral Group, the Group shall become entitled to receive £75 million. Of this, £40 million will be satisfied by way of the issue of shares in Ladbrokes on Completion. A further £35 million will be guaranteed in cash to be received upon delivery of key operational milestones by the Group but, in any event, within 42 months following completion of the merger.

Total structured agreements:

	€'000
Investment in structured agreements at 1 January 2015	12,977
Investment in structured agreements in the year	18,159
Investment in structured agreements at 31 December 2015	31,136

NOTE 14 – AVAILABLE-FOR-SALE INVESTMENTS

	2015 €'000	2014 €'000
Investment in available-for-sale investments at 1 January	24,219	33,661
Investment in the year	209,797	-
Gains recycled to income statement	-	1,578
Unrealised valuation movement recognised in equity	1,160	(774)
Decline in fair value recognised in income statement	-	(10,246)
Foreign exchange Movements	1,924	-
Investment in available-for-sale investments at 31 December	237,100	24,219

	2015	2014
	€'000	**€'000**
Available-for-sale financial assets include the following:		
Quoted:		
Equity securities – UK	226,015	19,811
Equity securities – Asia	11,085	4,408
	237,100	24,219

The fair value of quoted investments is based on published market prices.

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

NOTE 15 – OTHER NON-CURRENT ASSETS

	2015	2014
	€'000	**€'000**
Loans to customers	7,199	7,144
Loan to affiliate	2,825	1,414
Rent and car lease deposits	3,312	2,049
Guarantee for gaming licenses	2,000	1,000
Buyout of reseller agreement	-	3,265
Related parties (Note 28)	3,561	1,511
Non-current prepayments	766	-
Other	1,167	261
	20,830	16,644

NOTE 16 – TRADE RECEIVABLES

	2015	2014
	€'000	**€'000**
Customers	72,341	41,092
Related parties (Note 28)	2,291	3,964
	74,632	45,056

NOTE 17 – OTHER RECEIVABLES

	2015	2014
	€'000	**€'000**
Prepaid expenses	14,340	7,699
VAT and other taxes	6,785	4,595
Advances to suppliers	380	1,240
Buyout of reseller agreement	3,308	4,313
Other receivables	2,993	4,549
	27,806	22,396

NOTE 18 – CASH AND CASH EQUIVALENTS

	2015	2014
	€'000	**€'000**
Cash at bank	501,336	481,991
Deposits	356,562	210,356
	857,898	692,347

The Group held cash balances which include monies held on behalf of operators in respect of operators' jackpot games and poker and casino operations and client funds with respect to CFD activity.

	2015	2014
	€'000	**€'000**
Funds attributed to jackpots	30,886	25,169
Security deposits	32,454	32,198
Client funds	43,761	3,195
	107,101	60,562

NOTE 19 – SHAREHOLDERS' EQUITY

A. Share Capital

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

	2015 Number of Shares	2014 Number of Shares
Authorised*	N/A	N/A
Issued and paid up	322,624,603	293,492,617

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

During the year the Group has issued 29,050,000 shares of no par value.

B. Employee Benefit Trust

During 2014 the Group established an Employee Benefit Trust by acquiring 5,517,241 shares for a total consideration of €48.5 million. During the year 855,749 shares (2014: 1,381,403) were sold with a cost of €8.7 million (2014: €12.4 million), and as of 31 December 2015, a balance of 3,280,089 (2014: 4,135,838) shares remains in the trust with a cost of €27.5 million (2014: €36.2 million).

C. Share options exercised

During the year 81,986 (2014: 303,209) share options were exercised. The Group did not cash-settled share options during the year (2014: 113,869, resulted in cash payments of €0.4 million).

D. Distribution of Dividend

In June 2015, the Group distributed €51,171,493 as a final dividend for the year ended 31 December 2014 (17.5 € cents per share).

In October 2015, the Group distributed €30,633,827 as an interim dividend in respect of the period ended 30 June 2015 (12.8 € cents per share).

E. Reserves

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

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

NOTE 20 – LOANS AND BORROWINGS

The loan balance as of 31 December 2015 is €200 million. The loan is a revolving credit facility available until July 2018.Interest payable on the loan is based on a margin on Euro Libor rates.

The Group has undrawn committed borrowing facilities available at 31 December 2015 of €40.0 million.

NOTE 21 – CONVERTIBLE BONDS

On 12 November 2014 the Group issued €297.0 million of senior, unsecured convertible bonds due 2019 and convertible into fully paid Ordinary Shares of Playtech plc (the "Bonds"). The net proceeds of issuing the Bonds, after deducting commissions and other direct costs of issue, 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, which is immateriality different to the amortised cost, of the Bonds (including accrued interest) at 31 December 2015 amounted to €256.4 million (2014: €247.0 million), which was calculated using cash flow projections discounted at 4%.

The fair value at inception of the equity component of the bonds at 31 December 2015 was €45.4 million (2014: €45.4 million).

NOTE 22 –CONTINGENT CONSIDERATION

	2015	2014
	€'000	€'000
Non-Current contingent consideration consists:		
Acquisition of Markets Limited (Note 26b)	138,196	-
Other acquisitions (Note 26c)	3,151	1,088
	141,347	1,088
Current contingent consideration consists:		
Acquisition of Yoyo Games Limited (Note 26a)	2,036	-
Other acquisitions (Note 26c)	2,455	1,823
	4,491	1,823

NOTE 23 – TRADE PAYABLES

	2015	2014
	€'000	€'000
Suppliers	14,907	10,934
Customer liabilities	1,292	2,467
Related parties (Note 28)	200	1,630
Other	1,012	1,395
	17,411	16,426

NOTE 24 – DEFERRED TAX LIABILITY

The deferred tax liability is due to temporary differences on the acquisition of certain businesses.

The movement on the deferred tax liability is as shown below:

	2015	2014
	€'000	€'000
At the beginning of the year	4,904	5,083
Arising on the acquisitions during the year (Note 26)	11,258	851
Reversal of temporary differences, recognised in the consolidated statement of comprehensive income (Note 8)	(2,113)	(1,030)
	14,049	4,904

NOTE 25 – OTHER PAYABLES

	2015	2014
	€’000	€’000
Payroll and related expenses	35,147	24,351
Accrued expenses	15,955	8,882
Related parties (Note 28)	353	-
Other payables	4,600	3,579
	56,055	36,812

NOTE 26 – ACQUISITIONS DURING THE YEAR

A. Acquisition of Yoyo Games Limited

On 13 February 2015, the Group acquired 100% of the shares of Yoyo Games Limited (“Yoyo”). Yoyo is the home of Game Maker: Studio™ ("GMS"), a mobile driven cross-platform casual game development technology that enables developers to create games using a single programming code and then publish them to run natively across most common platforms.

The Group paid total cash consideration of €14.4 million ($16.4 million) and additional consideration capped at €2.2 million ($2.5 million) in cash will be payable subject to achieving target EBITDA.

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

	Fair value on acquisition €'000
Property, plant and equipment	168
Intangible assets	4,650
Trade receivables	52
Cash and cash equivalent	219
Trade payables	(836)
Deferred tax liability	(930)
Net identified assets	3,323
Goodwill	13,241
Fair value of consideration	16,564

	€'000
Cash consideration	14,423
Current contingent consideration	2,204
Finance cost arising on discounting of contingent consideration	(63)
Fair value of consideration	16,564
Cash purchased	(219)
Net cash payable	16,345

Adjustments to fair value include the following:

	Amount €'000	Amortisation %
IP Technology	4,650	17

The main factor leading to the recognition of goodwill is the database of users and time to market benefit. In accordance with IAS36, the Group will regularly monitor the carrying value of its interest in Yoyo.

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

- The income approach, in particular, the excess earnings.
- The discount rate assumed is equivalent to the WACC for the IP Technology.
- The growth rates and attrition rates were based on market analysis.

Management has not disclosed Yoyo contribution to the Group profit since the acquisition nor has the impact the acquisition would have had on the Group's revenue and profits if it had occurred on 1 January 2015 been disclosed, because the amounts are not material.

B. Acquisition of Markets Limited (previously named TradeFX Limited)

On 8 May 2015, the Group acquired 95.05% of the shares of Markets Limited ("Markets"), 91.1% on fully diluted basis. The sellers included a company related to the significant shareholder, Telesphere services Limited.

Markets is online CFDs broker and trading platform provider, operates a platform for CFDs trading across multiple channels. In addition, Markets provides a turnkey offering, including a white-label solution, for B2B clients, in return for a revenue share.

The Group paid total cash consideration of €208 million, and additional consideration capped at €250 million in cash will be payable subject to achieving target EBITDA.

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

	Fair value on acquisition **€000**
Property, plant and equipment	954
Intangible assets	129,814
Investments in equity accounted associates & joint ventures	439
Other non-current assets	1,839
Accounts receivables	486
Other receivables	2,159
Cash and cash equivalent	48,945
Other non-current liabilities	(2,228)
Trade payables	(6,827)
Client funds	(45,206)
Other liabilities	(9,748)
Deferred tax liability	(10,192)
Net identified assets	110,435
Goodwill	240,593
Non-controlling interest	(5,473)
Fair value of consideration	345,555

	€'000
Cash consideration	207,987
Current contingent consideration	154,693
Finance cost arising on discounting of contingent consideration	(17,125)
Fair value of consideration	345,555

Cash purchased	(53,945)
Net cash payable	291,610

Adjustments to fair value include the following:

	Amount €'000	Amortisation %
IP Technology	11,085	20
Customer lists	81,536	6-25
Domains	31,333	7

The main factor leading to the recognition of goodwill is the time to market benefit. In accordance with 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, Customer lists and Domains within these acquisitions are as follows:

- The income approach, in particular, the multi period excess earnings method.
- The royalty rate was based on a third party market participant assumption for use of the IP Technology and Domains, considering market competition, quality, absolute and relative profitability.
- The discount rate assumed is equivalent to the WACC for the IP Technology, Customer lists and Domains.
- The growth rates and attrition rates were based on market analysis.

The non-controlling interest calculation was based on the net identified assets, and also included fair value adjustment due to unvested share options as of the date of acquisition. This adjustment has increased the goodwill.

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

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

Since the acquisition date, Markets has contributed €60.0 million to the Group revenue in the period, €14.2 million to the adjusted net profits and €15.9 million and adjusted EBITDA. The combined Group revenues as if the Markets acquisition had occurred on 1 January 2015 would have been higher by €90.2 million, the combined Group adjusted EBITDA and adjusted net profit would have been higher by €25.9 million and €19.1 million respectively.

C. Other acquisitions

During the period the Group acquired 100% of the shares of various companies for a total initial consideration of €3.5 million and additional consideration capped at €4.9 million in cash will be payable subject to the achievement of certain operational targets.

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

	Fair value on acquisition
	€000
Intangible assets	682
Trade and other receivables	110
Cash and cash equivalent	323
Trade and other payables	(160)
Deferred tax liability	(136)
Net identified assets	819
Goodwill	7,310
Total fair value of consideration	8,129

	€'000
Cash consideration	3,535
Current contingent consideration	4,943
Finance cost arising on discounting of contingent consideration	(349)
Fair value of consideration	8,129
Cash purchased	(323)
Net cash payable	7,806

Adjustments to fair value include the following:

	Amount	Amortisation
	€'000	%
IP Technology	682	17

The main factor leading to the recognition of goodwill is the unique workforce and time to market benefit. In accordance with IAS36, the Group will regularly monitor the carrying value of its interest in these acquisitions.

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

- The income approach, in particular, the multi period excess earnings method.
- The discount rate assumed is equivalent to the WACC for the IP Technology.
- The growth rates and attrition rates were based on market analysis.

Management has not disclosed other acquisitions contribution to the Group profit since these acquisitions nor has the impact the acquisition would have had on the Group's revenue and profits if it had occurred on 1 January 2015 been disclosed, because the amounts are not material.

NOTE 27 – ACQUISITIONS IN PREVIOUS YEAR

A. Acquisition of Aristocrat Lotteries

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

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

B. Other acquisitions

During 2014 the Group acquired the shares of various companies for a total cash consideration of €4.2 million and additional consideration capped at €7.5 million in cash will be payable subject to the achievement of certain operational targets or achieving target EBITDA.

NOTE 28 – RELATED PARTIES AND SHAREHOLDERS

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

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

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

Hillary resigned as a director on 31 December 2015.

International Terminal Leasing ("ITL") is a joint venture and the structured agreements are associates of the Group by virtue of the Group's significant influence over those arrangements.

The following transactions arose with related parties:

	2015 €'000	2014 €'000
Revenue including revenue from associates		
Skywind	1,562	680
Structured agreements and associates	35,531	21,655
Share of profit (loss) in joint venture	229	(92)
Share of loss in associates	5,856	695
Operating expenses/(credit)		
SafeCharge Limited	6,674	1,599
Skywind, net of capiltalised cost	3,438	6,444
Crossrider	2,472	2,079
Structured agreements	1,910	833
Anise	1,174	1,008
Easydock	358	-
PT Games	220	507
Selfmade Holdings	52	-
Glispa	6	-
Royalfield Limited	(272)	(42)
Interest payable		
Niceidea	46	52

The following are year-end balances:

	2015 €'000	2014 €'000
Intangible assets		
Skywind	1,037	2,043
Cash and cash equivalent		
Safecharge Limited	5,341	-
Niceidea	1,596	1,511
Structured agreements and associates	1,965	-
Total non-current related party receivables	3,561	1,511

Structured agreements and associates	1,435	3,964
Skywind	582	-
Crossrider	266	-
PT Games Limited	8	-
Total current related party receivables	2,291	3,964

SafeCharge Limited	200	400
Skywind	353	666
Crossrider	-	400
PT Games Limited	-	164
Total related party payables	553	1,630

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

In 2014 the Group established an Employee Benefit Trust by acquiring 5,517,241 shares from Brickington Trading Limited ("Brickington"), the Company's largest shareholder, for a total consideration of €48.5 million.

On 31 December 2015, Brickington held 33.61% (31 December 2014: 33.61%) of Playtech plc shares.

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

Step by step was acquired during the year as part of Markets acquisition and therefore the comparable amount was removed.

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

NOTE 29 – SUBSIDIARIES

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

Name	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
Playtech Software Limited	British Virgin Islands	100%	Main trading company of the Group, owns the intellectual property rights and licenses the software to customers.
OU Playtech (Estonia)	Estonia	100%	Designs, develops and manufactures online software
Techplay Marketing Limited	Israel	100%	Marketing and advertising
Video B Holding Limited	British Virgin Islands	100%	Trading company for the Videobet software, owns the intellectual property rights of Videobet and

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

Name	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
PT Turnkey EU Services Limited	Cyprus	100%	Turnkey services for EU online gaming operators
PT Entertenimiento Online EAD	Bulgaria	100%	Poker & Bingo network for Spain
PT Marketing Services Limited	British Virgin Islands	100%	Marketing services to online gaming operators
PT Operational Services Limited	British Virgin Islands	100%	Operational & hosting services to online gaming operators
Tech Hosting Limited	Alderney	100%	Alderney Hosting services
Paragon International Customer Care Limited	British Virgin Island & branch office in the Philippines	100%	English Customer support, chat, fraud, finance, dedicated employees services to parent company
CSMS Limited	Bulgaria	100%	Consulting and online technical support, data mining processing and advertising services to parent company
TCSP Limited	Serbia	100%	Operational services for Serbia
S-Tech Limited	British Virgin Islands & branch office in the Philippines	100%	Live games services to Asia
PT Advisory Services Limited	British Virgin Islands	100%	Holds PT processing Advisory Ltd
PT Processing Advisory Limited	British Virgin Islands	100%	Advisory services for processing & cashier to online gaming operators
PT Processing EU Advisory Limited	Cyprus	100%	Advisory services for processing & cashier for EU online gaming operators
PT Network Management Limited	British Virgin Islands	100%	Manages the ipoker network
Playtech Mobile (Cyprus) Limited	Cyprus	100%	Holds the IP of Mobenga AB
Playtech Holding Sweden AB Limited	Sweden	100%	Holding company of Mobenga AB
Mobenga AB Limited	Sweden	100%	Mobile sportsbook betting platform developer

Name	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
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
Markets Limited	British Virgin Islands	95.044%	Owns the intellectual property rights and marketing and technology contracts of the financial division
Safecap Limited	Cyprus	95.044%	Primary trading company of the financial division. Licensed investment firm and regulated by Cysec
TradeFXIL limited	Israel	95.044%	Financial division sales, client retention, R&D and marketing
ICCS BG	Bulgaria	95.044%	Financial division back office customer support
Stronglogic Services Limited	Cyprus	95.044%	Maintains the financial division marketing function for EU operations
Yoyo Games	UK	100%	Casual game development technology

NOTE 30 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group is exposed to a variety of financial risks, which results from its financing, operating and investing activities. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Group's financial performance and position. The Group's financial instruments are its cash, available-for-sale financial assets, trade receivables, loan receivables, bank borrowings, accounts payable and accrued expenses. The main purpose of these financial instruments is to raise finance for the Group's operation. The Group actively measures, monitors and manages its financial risk exposures by various functions pursuant to the segregation of duties and principals. The risks arising from the Group's financial instruments are credit risk and market price risk, which include interest rate risk, currency risk and equity price risk. The risk management policies employed by the Group to manage these risks are discussed below.

A. Market risk

Market risk changes in line with fluctuations in market prices, such as foreign exchange rates, interest rates, equities and commodities prices. These market prices affect the Group's income or the value of its holding in financial instruments.

Exposure to market risk

In the financial trading division, the Group has exposure to market risk to the extent that it has open positions. The Group's exposure to market risk at any point in time depends primarily on short-term market conditions and client activities during the trading day. The exposure at each reporting date is therefore not considered representative of the market risk exposure faced by the Group over the year.

The Group's exposure to market risk is mainly determined by the clients' open position. The most significant market risk faced by the Group on the CFD products it offers changes in line with market changes and the volume of clients' transactions.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest changes. The management monitors interest rate fluctuations on a continuous basis and acts accordingly.

Where the Group has generated a significant amount of cash, it will invest in higher earning interest deposit accounts. These deposit accounts are short term and the Group is not unduly exposed to market interest rate fluctuations.

During the year the group advanced loans to affiliates and customers for a total amount of €2.3 million (2014: €3.1 million). The average interest on the loans is 5%.

A 1% change in deposit interest rates would impact on the profit before tax by €23 thousands.

B. Credit risk

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

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

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

Wherever possible and commercially practical the Group invests cash with major financial institutions that have a rating of at least A- as defined by Standard & Poors. While the majority of money is held in line with the above policy, a small amount is held at various institutions with no rating. The Group also holds small deposits in Cypriot and Spanish financial institutions, as required by the respective gaming regulators that have a rating below A-. The Group holds approximately 2% of its funds (2014: 3%) in financial institutions below A- rate and 3% in payment methods with no rating.

	Total	Financial institutions with A- and above rating	Financial institutions below A- rating and no rating
	€'000	€'000	€'000
At 31 December 2015	857,898	813,164	44,734
At 31 December 2014	692,347	674,925	17,422

The Group has no credit risk to clients since all accounts have an automatic margin call, which relates to a guaranteed stop such that the client's maximum loss is covered by the deposit. The Group has risk management and monitoring processes for clients' accounts and this is achieved via margin calling and close-out process.

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

	Total	Not past due	1-2 months overdue	More than 2 months past due
	€'000	€'000	€'000	€'000
At 31 December 2015	74,632	47,945	12,849	13,838
At 31 December 2014	45,056	30,605	8,423	6,028

The above balances relate to customers with no default history and management estimate full recoverability given the provision below.

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

	2015	2014
	€'000	€'000
Provision at the beginning of the year	908	932
Charged to income statement	-	-
Utilised	(822)	(24)
Provision at end of year	86	908

Related party receivables included in Note 16 are not past due.

C. Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

Foreign exchange risk arises because the Group has operations located in various parts of the world. However, the functional currency of those operations is the same as the Group's primary functional currency (Euro) and the Group is not substantially exposed to fluctuations in exchange rates in respect of assets held overseas.

Foreign exchange risk also arises when Group operations are entered into, and when the Group holds cash balances, in currencies denominated in a currency other than the functional currency.

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

D. Equity price risk

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

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

The Group's balance sheet at 31 December 2015 includes available-for-sale investments with a value of €237.1 million (2014: €24.2 million) which are subject to fluctuations in the underlying share price.

A change of 1% in shares price will have an impact of €23.7 million on the consolidated statement of comprehensive income and the fair value of the available for sale investments will change by the same amount.

E. Capital disclosures

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

F. Liquidity risk

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

Financial division liquidity risk

Positions can be closed at any time by clients and can also be closed by the Group, in accordance with the Group's margining rules. If after closing a position a client is in surplus, then the amount owing is repayable on demand by the Group. When client positions are closed, any corresponding positions relating to the hedged position (if applicable) are closed with brokers.

Liquidity risk arises if the Group encounters difficulty in meeting obligations which arise following profitable positions being closed by clients. This risk is managed through the Group holding client funds in separately segregated accounts whereby cash is transferred to or from the segregated accounts on a daily basis to ensure that no material mismatch arises between the aggregate of client deposits and the fair value of open positions, and segregated cash. Through this risk management process, the Group considers liquidity risk to be low.

	2015
	€'000
Client deposits	64,875
Open position	(21,114)
Client funds	43,761

The following are the contractual maturities (representing undiscounted contractual cash flows) of the Group's financial liabilities:

	Total	Within 1 year	1-2 years	2-5 years
	€'000	**€'000**	**€'000**	**€'000**
2015				
Trade payables	17,411	17,411	-	-
Other accounts payable	56,055	56,055	-	-
Loans and borrowings	200,000	-		200,000
Progressive and other operators' jackpots	63,340	63,340	-	-
Client funds	43,761	43,761	-	-
Contingent consideration	145,838	4,491	141,347	-
Other non-current liabilities	1,175	-	-	1,175
2014				
Trade payables	16,426	16,426	-	-
Other accounts payable	36,812	36,812	-	-
Progressive and other operators' jackpots	57,637	42,367	15,000	-
Client funds	3,195	3,195		
Contingent consideration	2,911	1,823	-	1,088
Other non-current liabilities	1,284	-	-	1,284

G. Total financial assets and liabilities

The fair value together with the carrying amount of the financial assets and liabilities shown in the balance sheet are as follows:

	2015	2015	2014	2014
	€'000	€'000	€'000	€'000
	Fair Value	Carrying amount	Fair Value	Carrying Amount
Cash and cash equivalent	857,898	857,898	692,347	692,347
Available-for-sale investments	237,100	237,100	24,219	24,219
Other assets	123,268	123,268	84,096	84,096
Deferred and contingent consideration	145,838	145,838	2,911	2,911
Convertible bonds	256,429	256,429	247,040	247,040
Loans and borrowings	200,000	200,000	-	-
Other liabilities	102,190	102,190	70,256	70,256

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

NOTE 31 – CONTINGENT LIABILITIES

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

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

NOTE 32 – OPERATING LEASE COMMITMENT

The Group has a variety of leased properties. The terms of property leases vary from country to country, although they tend to be tenant repairing with rent reviews every 2 to 5 years and many have break clauses. Total operating lease cost in the year was €13.8 million (2014: €8.9 million).

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

	2015	2014
	€'000	€'000
Not later than one year	15,846	11,122
Later than one year and not later than five years	44,001	27,738
Later than five years	8,370	9,121
	68,217	47,981